SOME MORE THINGS

SELECTED POSTS

2013 - 2016

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Some More Things

select posts 2013-2016 (& other posts)

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produced using: Pressbooks

Contents

[PART I]

Selected Posts 2013-2016 (new or not in The Hard Thing About Hard Things)

[1]

Why Founders Fail: The Product CEO Paradox

Because I am a prominent advocate for founders running their own companies, whenever a founder fails to scale or gets replaced by a professional CEO, people send me lots of emails. What happened, Ben? I thought founders were supposed to better? Are you going to update your "Why We Prefer Founding CEOs" post?

In response to all of these emails: No, I am not going to rewrite that post, but I will write this post. There are three main reasons why founders fail to run the companies they created:

The founder doesn't really want to be CEO – Not every inventor wants to run a company and if you don't really want to be CEO, your chances for success will be exceptionally low. The CEO skill set is incredibly difficult to master, so without a strong desire to do so the founder will fail. If you are a Founder who doesn't want to be CEO, that's fine, but you should figure that out early and save yourself and everyone else a lot of pain.

The board panics – Sometimes the founder does want to be CEO, but the board sees her making mistakes, panics and replaces her prematurely. This is tragic, but common.

The Product CEO Paradox – Many founders run smack into the Product CEO Paradox, which I explain below.

The Product CEO Paradox

A friend of mine led his company from nothing to over $1 billion in revenue in record time by relentlessly pursuing his product vision. He did so by intimately involving himself in the intricate details of his company's product planning and execution. This worked brilliantly up to about 500 employees. Then, as the company continued to scale, things started to degenerate. He went from being the visionary product founder who kept cohesion and context across and increasingly complex product line to the seemingly arbitrary decision maker and product bottleneck. This frustrated employees and slowed development. In reaction to that problem and to help the company scale, he backed off and started delegating all the major product decisions and direction to the team. And then he ran smack into the Product CEO Paradox: The only thing that will wreck a company faster than the product CEO being highly engaged in the product is the product CEO disengaging from the product.

This happens all the time. A founder develops a breakthrough idea and starts a company to build it. As originator of the idea, she works tirelessly to bring it to life by involving herself in every detail of the product to ensure that the execution meets the vision. The product succeeds and the company grows. Then somewhere along the line, employees start complaining that the CEO is paying too much attention to what the employees can do better without her and not enough attention to the rest of the company. The board or CEO Coach then advises the founder to "trust her people and delegate". And then the product loses focus and starts to look like a camel (a horse built by committee). In the meanwhile, it turns out that the

CEO was only world-class at the product, so she effectively transformed herself from an excellent, product-oriented CEO into a crappy, general purpose CEO. Looks like we need a new CEO.

How can we prevent that? It turns out that almost all the great product-oriented founder/CEOs stay involved in the product throughout their careers. Bill Gates sat in every product review at Microsoft until he retired. Larry Ellison still runs the product strategy at Oracle. Steve Jobs famously weighed in on every important product direction at Apple. Mark Zuckerberg drives the product direction at Facebook. How do they do it without blowing their companies to bits?

Over the years, each one of them reduced their level of involvement in any individual set of product decisions, but maintained their essential involvement. The product-oriented CEO's essential involvement consists of at least the following activities:

- Keep and drive the product vision – The CEO does not have to create the entire product vision, but the product-oriented CEO must drive the vision that she chooses. She is the one person who is both in position to see what must be done and to resource it correctly.
- Maintain the quality standard – How good must a product be to be good enough? This is an incredibly tough question to answer and it must be consistent and part of the culture. It was easy to see the power of doing this right when Steve Jobs ran Apple as he drove a standard that created incredible customer loyalty.
- Be the integrator – When Larry Page took over as CEO of Google, he spent a huge amount of his time forcing every product group to get to a common user profile and sharing paradigm. Why? Because he had to. It would never have happened without the CEO making it happen. It was nobody else's top priority.

Make people consider the data they don't have – In today's world, product teams have access to an unprecedented set of data on the products that they've built. Left to themselves, they will optimize the product around the data they have. But what of the data they don't have? What about the products and features that need to be built that the customers can't imagine? Who will make that a priority? The CEO.

But how do you do that and only that if you have been involved in the product at a much deeper level the whole way? How do you back off gracefully in general without backing off at all in some areas? At some point, you must formally structure your product involvement. You must transition from your intimately involved motion to a process that enables you to make your contribution without disempowering your team or driving them bananas. The exact process depends on you, your strengths, your work style and your personality, but will usually benefit from these elements:

- Write it; don't say it. If there is something that you want in the products, then write it out completely. Not as a quick email, but as a formal document. This will maximize clarity while serving to limit your involvement to those things that you have thought all the way through.
- Formalize and attend product reviews. If teams know that they should expect a regular review where you will check the consistency with the vision, the quality of the design, the progress against their integration goals, etc., it will feel much less disempowering than if you change their direction in the hallway.
- Don't communicate direction outside of your formal mechanisms. It's fine and necessary to continue to talk to individual engineers and product managers in an ad hoc fashion, because you need to continually update your

understanding of what's going on. But resist the attempt to jump in and give direction in these scenarios. Only give direction via a formal communication channel like the ones described above.

Note that it is really difficult to back off of any non-essential involvement yet remain engaged where you are needed. This is where most people blow themselves up: either by not letting go or by letting go. If you find yourself where my friend found himself—you cannot let go a little without letting go entirely—then you probably should consider a CEO change. But don't do that. Learn how to do this.

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Little Things

> I have seen far too many people who upon recognizing today's gap try very hard to determine what decision has to be made to close it. But today's gap represents a failure of planning some time in the past.
> —Andy Grove

When you run a company, big things stay on your mind. Will we make the quarter? Did we hire the right engineers? Will the release be on time? Do we have a quality problem? Do we have enough money in the bank?

The Catch 22 is that if you attempt to act on those "big things," you will usually do big damage. In order to move big things in a positive direction, it's generally best to focus on little things.

If you are worried about the quarter, you might think that it's a good idea to call your head of sales twice a day to get the status. By doing so, you might think you are creating the appropriate sense of urgency. In reality, you are just distracting her from closing the quarter twice a day. In fact, by radically overemphasizing the quarter, you will likely cause your sales leader to begin focusing on the cover up — the byzantine set of excuses that she will deploy in the case that she actually misses her number.

These excuses will then cause a new set of problems. She

might say, "Why did we miss the quarter? We really did not get the right support from the product organization." So now you go over to the head of products to harass her. She's responds: "What? If the VP of Sales wasn't getting enough support, then why didn't she say something to me?" Do you see what you did there? Not only did you fail to make progress on the sales issue, but you created a new political issue which will contribute to you missing the next quarter.

While it's correct to worry about the big issues, you must resist the urge to act on them directly. Before acting, you should first translate the big thing into a related set of little things. For example, if you are worried about making the quarter, then you should go on a few sales calls and see if you are selling your product in the most effective way possible. Are your sales people properly trained? Do they run a process that puts your product in the very best light and sets appropriate traps for your competitors? Are you selling at the right level in the organization? Is your product truly competitive? As you get the answers to these questions, you will develop more constructive little things to take action on. These little things might not help you make this quarter, but they will certainly help you make next quarter.

Similarly, if you are deeply worried about engineering throughput, lamenting that your engineers don't work as hard as other companies that you've heard about will achieve very little other than making your engineers think they are the "B" team. On the other hand, spending time going through their day and really understanding what's slowing them down in the code base, where their build environment is working against them and how the communication overhead between groups slows them down might help a great deal.

This is true for almost anything in your company. You should set high-level goals, but those goals will or will not be achieved by the organization that you assigned them to. If

you want to help them reach their goals, do so by focusing on the little things.

My old boss Jim Barksdale used to say that all of the knowledge was with the individual contributors and the customers. As CEO, you need to hire the right people and set a clear direction. Once you do that, you should fly low and fast rather than high and slow. Focus on the little things and the big things will take care of themselves.

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The Sad Truth About Developing Executives

> The truth is hard to swallow, and hard to say, too
> But I graduated from that bullshit, now I hate school
> —Lil Wayne, "CoCo"

My greatest disappointment as CEO was the day I realized that helping my executives develop their skill sets was a bad idea. Up to that point in my career, I prided myself on my ability to develop people and get the most out of them. In my jobs running product management, product marketing and engineering, developing young talent was the most rewarding part of the job. Helping them learn to manage, improve their judgment and be more effective in their domains made my organizations better, and people genuinely appreciated the effort.

How could a great practice for a functional manager be a destructive one for a CEO? Let me count the ways.

You don't have the skills.

The first question that you must ask yourself is how are you going to develop a poor performing head of sales into a good one if you have never run sales? What exactly are you

going to teach them? Would a sales VP who became a CEO be able to develop you into a better engineering manager?

You don't have the time.

A company depends entirely on the CEO for an important set of functions, which includes timely and high-quality decisions, clear direction, hiring a great team, and architecting and implementing a super-high-functioning communication architecture. Any time wasted trying to develop executives when you don't even have the skills to do it takes away from the essential CEO functions.

They don't have the time.

A leader's effectiveness is largely a function of how much confidence her followers have in her. If someone is running a large organization and doesn't show competence immediately, her people will quickly write her off, and she will never recover. Executives have no time to be developed before they become useless.

Your results will suck while you work on a task that you cannot complete.

It's bad enough that you will work on something that you will add zero value to, but as you are doing that, the organization in question will continue to be awful. You will lose time and ground in the marketplace while you try and fail to figure it out. Meanwhile, everyone who works for that executive will be working in a crappy organization, doing crappy work and developing a crappy reputation for being part of it.

Executives are compensated for their existing ability, and therefore should not be evaluated on their potential.

While it's common practice and a good idea to take

potential into account with regular employees, this methodology does not work well for executives. When you hire an executive, he will demand around 1 percent of the company. How do you explain to a great engineer with less than one-fifth that amount of stock that you are waiting for the executive's potential to kick in?

Trying to help can make things far worse.

If an executive is failing and you keep him around, thinking that you will develop him, things will get ugly quickly. You know he's incompetent, so you will likely discount everything he says. When he raises a point in a meeting that contradicts a high-performing executive, you will take the high-performer's side 100 percent of the time.

This will make your failing executive feel badly, but more importantly, it will completely destroy the credibility of the function that he is running. If the exec is, for example, the head of marketing, everyone in the rest of the organization will draw the conclusion that marketing is unimportant in your company. That conclusion will be surprisingly long-lasting.

While you cannot develop an underpowered executive into a high-performing one, there are several things that you can do in your role as his manager that will help all of your executives succeed.

Provide the proper context.

When you hire an executive, she may know her function, but she does not know your company. She does not know your management philosophy, the top performers, the history of the decisions that were made, how product flaws were created and fixed, etc. This information will be invaluable to her success and you should invest heavily to make sure that she quickly gets all the context she will need.

Be very clear about the rules of the game.

You should be extremely clear up front that you expect your executives to be world-class in their functions. If they are not, they will not keep their jobs. Furthermore, you will not be able to make them world-class, because you are not world-class in their areas.

Know what you want, and be clear about it.

Tell them what you think world-class performance is. If you don't know, go find out by interviewing some world-class CEOs and world-class executives, and then tell them.

Be clear about relative performance.

If you think your marketing is not as good as other companies in your sector, then let your head of marketing know. If you know that other companies generate five times the number of qualified leads than you do and you don't understand why, then say something. This will make it much easier for you to make a swift decision if your executive does not know what he is doing.

In the end, a CEO has got to know her limitations.

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Do You Feel Pressure or Do You Apply Pressure?

> To whoever think their words affect me is too stupid
> And if you can do it better than me, then you do it
> —Kanye West, "Cold"

One obvious yet under-appreciated law of business physics is: *For any given company, the larger the company becomes, the more opportunities emerge to screw it up.*

Another obvious, but not well understood law: *The more screwed up your company, the more people will complain about it and blame you.*

If we take these two together, it is easy to see that without intervention the larger your company becomes, the more people will complain and blame you.

This seems simple enough, but CEOs often fail to understand the logic, become overwhelmed by the criticism, lose confidence in themselves, and decide that they are no longer capable of running their own companies. This can be tragic as I explained in "Why We Prefer Founding CEOs".

If you are a logical and open-minded person, it is difficult not to take a 10X increase in criticism seriously. More importantly, it's difficult not to take a 10X increase in

criticism personally. So how can a CEO keep from getting ground into sawdust by complaints from her own people? The answer comes from a simple CEO aphorism: *You either apply pressure or you feel pressure*.

Let's begin by looking at the overwhelming spiral. As your company grows, people start complaining about everything from your sales efforts being underwhelming to there not being enough organic snacks in your free food section. In the meanwhile, you are trying to wrestle serious product strategy questions posed by scary competitors to the ground. You don't know the answers to most of the complaints, so you defer them and focus on what you know. The problems related to the complaints fester and grow. Your employees get frustrated that the issues are not being fixed and complain louder. They begin to lose confidence in you as CEO.

The Best Defense is a Good Offense

The key to breaking the cycle is to stop feeling pressure and to start applying it. The most basic way to do this is to assign the problems to your team. This transfers the pressure from you to the organization and has the added benefit of empowering the team.

At this point, those of you who have read my book are thinking: "Ben, that's not the hard thing about this. The hard thing isn't delegating, the hard thing is when the executive disagrees that there's a problem or there is no logical owner or the problem is cross-functional or the executive tries to give it back to you." Let's take these in order.

The executive fundamentally disagrees that there is a problem

Imagine that your employees are complaining about the number of bugs in your product and you ask your head of

engineering to improve quality. Chances are that he will not say: "Sure thing, boss." He will much more likely say: "By what definition?" He will likely have way more data than you about product quality and it will be difficult for you to win the argument. Yet you know the employees are right, which is why you didn't explain to them they were wrong in the first place.

The reason for the stalemate is that quality in the abstract is an intractable problem. In fact, most problems in the abstract have this property. If you want it fixed, you must be specific. Doing so is tricky in this case because no software organization has ever produced bug-free software in every version. So if you don't want zero, then how many bugs are too many? The best way to start is to frame it in terms of something that you know well. Sometimes this will mean moving to a more qualitative argument. For example, pick your 3 favorite bugs and use them as examples. Describe why they are particularly damaging and try to classify them as best you can. Let your executive know that bugs like that should not ship and if they do accidentally ship then the company should not rest until they are fixed. Then ask him to do something specific: have him tell you exactly how many bugs are outstanding in the classes that you identified and report back on when they will be fixed. Then ask him to make a proposal about how he will systematically do a better job on this in the future. Finally, let him know what you are willing to give up in terms of other work (schedule, features, etc.) to make this a priority. Getting specific will help energize the team as it will give them a problem they can actually solve. It will also clearly communicate that you are super serious about the issue.

The problem is cross-functional

Imagine that your sales people keep complaining that there aren't enough leads. You feel as though they are Jack

Lemmon in *Glengary Glen Ross*. But then you go to your head of marketing and he demonstrates that he's generated 150% of the leads that he was supposed to generate based on his objectives. What do you do? There are many possible issues: the definition of a lead differs, the profile of the target customer differs, somebody is lying, etc. As tempting as these possible solutions may be, resist the temptation to solve this one yourself. Instead, get both executives together and let them know that you need them to agree on a common definition of a lead, a method for determining whether any given lead meets the description and an objective for the head of marketing to hit next quarter that both he and the head of sales will be happy with. Give them a firm deadline and let them know that you will take no excuses, because you have a whole field filled with demotivated sales reps and you will not stand for that. Apply pressure.

There is no logical owner

Sometimes a problem has no owner. Customer churn has increased in the past 2 quarters. It's an important issue and left unchecked it could become mission critical. However, it's not the top priority in the company today. To further create CEO procrastination, it's not clear whether it's a customer support problem, a sales problem, a services problem, a product quality problem or some combination of all four. In reality, it's probably a CEO problem, but if it's not the top priority in the company, having the CEO personally drive it to resolution may not be the best idea. So, what do you do? You assign the problem to an illogical owner. In this case, you might assign it to the head of sales, because she has the highest incentive to fix it properly—otherwise she has to resell all those deals to make quota. You empower her to dig into each churned account, find the root cause analysis, and report back to the team on

a frequent basis. Once the root cause has been determined, she should propose a cross-functional plan to fix the problem.

This is an imperfect strategy in many ways. The problem might be entirely with sales setting poor expectations and she might cover that up. The various groups might not get along well and not want to listen to a peer. The head of sales might not have a great idea of what's possible in engineering or customer support. Imperfect yes, but far better than doing nothing, which is generally what happens when the CEO has too much on her plate and doesn't apply pressure.

The assigned executive tries to give it back

Your company's engineering schedules are unpredictable and your engineering throughput is poor, so you ask your VP of engineering to fix the problem. She complains: "The schedule keeps slipping because the product management team keeps changing the priorities and thrashing the engineers back and forth across the various projects." You say: "Great. I will work with product management to get them to cut that out." The VP of product management replies: "I'd love to stop with the requirements, but we need certain things to close large deals and make the quarterly number." You then go to the head of sales and she says: "Do you want me to make my number or not?"

In this case, everyone is under empowered to make the right decision and get you what you want. The key to delegation is better empowerment. You could simply give the head of engineering the ability to say "no" to everything, but you may well miss all your sales forecasts and cause yourself an even bigger problem. A better approach would be to formalize the change process. You can say that once a project begins, you can alter its definition, resources, priorities, or schedule, but doing so requires a formal

meeting with all the stakeholders and the CEO. At that meeting, all changes and their potential consequences will be discussed and a decision will be reached. If you implement such a process, you will find that the number of changes drops by an order of magnitude. By simply making it more difficult to make a change, you will apply pressure to the team to find another way to make the sales number.

At this point, you haven't empowered the head of engineering to control her own destiny, but you have empowered the team to give you what you want.

Using Pressure to Evaluate Executives

Founding CEOs often find it difficult to evaluate executives. How do I know if my head of marketing is world class? I've never run marketing. Applying lots of pressure is a great way to sharpen your instincts when evaluating executives.

If you consistently apply pressure to an executive and get no results, then you very likely need to upgrade that position. The whole point of paying an executive all that money and giving her that fat stock option package is to take the pressure off of you and give you some leverage. If she can't do that, then she must go. She may be a fine executive for another CEO, but not for you.

On the other hand, when you have a problem that you have no idea how to solve and you delegate it to an executive and she solves it, then she's extremely valuable.

Final Thoughts

If you are feeling overwhelmed and under competent, then you are very likely not applying enough pressure.

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The Prophets of Rage

> You're quite hostile,
> I've got a right to be hostile,
> my people been persecuted.
> —Public Enemy

A while back I wrote a post called "When Smart People are Bad Employees." In that post, I wrote about employees that you think will be incredible, but turn out to be destructive. The other day, my partner Lars and I were talking about the opposite: employees who appear to be destructive, but if properly managed can be spectacular. In reference to hip hop's great prophet Chuck D., I call them "The Prophets of Rage."

If you've worked in a company for any length of time, you've probably seen one of these prophets. People refer to them as glass breakers, cowboys, toe stompers, or just plain assholes. Yet it's difficult to get rid of them, because they produce massive amounts of high-quality work. Beyond that, they have indomitable will. No obstacle is too great, no task too large, no problem is too hard and they do not care who they offend, upset, undermine, or piss off to get the job done. In fact, they are so self-righteous that it's difficult to even have a conversation about the right way to do things, because in their minds if they are doing it, it must be right.

If you are not them or not on their team, you are very likely "a lazy idiot" or worse. Even if they don't call you names outright, they will deliver searing, totally impolite insights that will cause you to question your own motivations. They specialize in making people uncomfortable.

Their backgrounds are almost never consistent with the typical hiring profile. They do not come to you right from central casting. Often they grew up poor and went to the wrong schools. Or they were the "wrong" religion, sexual orientation, or skin color. In general, they believe that they grew up on the wrong side of the tracks and everybody is judging them on that all the time. They will walk through fire to prove everyone wrong. They have to succeed and are willing to do whatever it takes.

This is not to say that everyone with this background is a Prophet of Rage, just that Prophets of Rage tend to have this background.

These employees are the corporate version of W.M.D.s. The ultimate weapon in any arsenal, but their deployment can lead to highly unpredictable consequences. How can they be used as a force for good? How can you prevent them from destroying your culture and possibly your company?

When managing a Prophet of Rage, the first thing to understand is that they often dish it out much better then they take it. While they won't hesitate to viciously attack their peers and bring them to tears, even the slightest criticism from a prophet's manager may cause him or her to go into a deep funk and become incredibly depressed. Most managers will find this behavior to be totally ridiculous and give up when they see it. Most managers will forfeit greatness at that point.

Prophets of Rage are perfectionists. They work harder than anybody in the organization and expect total perfection from themselves and everyone around them. When they see others deliver sub par work or sub par thinking, the Prophets become enraged and lose all control

of themselves. But it's the same dynamic that enrages them and causes them to stomp on other people's toes that makes them recoil at any criticism: they have dedicated their entire life force to doing great work; any rejection of their work is a rejection of them personally. Keep in mind that a prophet's background makes her a bit paranoid about you wanting her there in the first place, so if she doesn't become depressed, she will certainly question your motives.

In my experience, there are at least three keys to managing these super high performing, super volatile personalities.

1. Don't give them feedback on their behaviors, give them feedback on what their behaviors mean

If you tell a prophet, "It is totally unacceptable to scream at your peers in meetings," he will hear: "It's totally unacceptable for you to scream at people in meetings, but others can do it all they want, because I am out to get you." In the prophet's mind, everyone is out to get him, so this is the logical reaction.

A better approach is to focus on how the behaviors were interpreted by the other people in the room. "You have a very important mission, but when you screamed at Andy that his team was blocking you from your goal, his response wasn't to work harder to unblock you. His reaction was to get you back for embarrassing him in public. Your method was totally ineffective." He will initially bristle at the criticism, but when he thinks it through, he will realize that you were right and he will work extremely hard to fix it, because he is, after all, a perfectionist.

2. Realize that they will never be completely accepted in polite society

No matter how clearly and effectively you coach a prophet, you will be unlikely to completely transform her. She has spent her entire life getting to this point, so words from her manager won't get her to the point of corporate acceptance. The more people don't accept her, the worse the

behaviors will become, because the rejection will reinforce her life narrative and increase her rage. The more effective approach will be to do your best to moderate your prophet while letting the rest of the team know that you expect them to accept her due to her incredibly high productivity. If they believe that you won't flinch, they will meet her half way. It's absolutely critical that they do this, because she will never be completely congenial.

3. Coach them on what they can do

If you keep in mind that your prophet is paranoid, then you will realize that giving entirely negative feedback will not work. Rather than focusing on what he is having trouble with or can't do, spend most of your time working with him on what he can do. This will enable his true super powers to come out and take your company's production out of the stratosphere.

Even with the best coaching, it's quite possible that a prophet has too much rage to function in an organization as it grows. At this point, they become smart people who are bad employees and there may be nothing that you can do.

In the end, realize that a talented Prophet of Rage may be the most powerful human force in your company. Your challenge is to help that be a force for good.

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Shared Command

> Cause two suckers can't agree on something
> a thousand mutherfuckers die for nothing
> —Geto Boys, "Fuck a War"

> Battle is a highly fluid situation. You plan on your contingencies, and I have. You keep your initiative, and I will. One thing you don't do is share command. It's never a good idea.
> —Major Vic Deakins (played by John Travolta), Broken Arrow

Zynga recently put a new management structure in place where Don Mattrick is the CEO and my friend Mark Pincus, the founder and former CEO, will be the Chairman of the Board and the Chief Product Officer. My friend Fred Wilson encourages entrepreneurs to consider this structure and wrote that the new Zynga organization is analogous to LinkedIn's with founder Reid Hoffman as Chairman and Jeff Weiner as CEO. I think Fred is wrong. The Zynga structure is quite different. At LinkedIn, the chain of command is clear: Jeff Weiner runs the company. If you want a decision made and Jeff weighs in, that's it. Game over. Reid never overrides Jeff. Contrast this to Zynga, where Mark reports to Don who reports to the board where Mark is Chairman. Who makes the final decision on products? If a product

decision impacts revenue, who makes that decision? I do not know the details, so I do not know for certain, but the Zynga structure smells much more like shared command. If it is indeed shared command, that will be a big problem.

Shared command always seems really attractive to the people at the top of the organization like the CEO and the board: "we have two world-class people, this gives us the best of both worlds! We shouldn't get caught up in the conventions of years past. We're all adults. We can get along." It looks much less attractive to those who do all the work in the organization. To them it looks more like frustration, chaos, and delay.

As a company gets big, the information that informs decision-making gets massive. Depending upon the prism through which you view the business, your perspective will vary. If two people are in charge, this variance will cause conflict and delay. Every employee in a company depends on the CEO to make fast, high quality decisions. Often any decision, even the wrong decision, is better than no decision. These decisions are pulse of the organization. Sharing command almost guarantees that the CEO position will perform poorly in this dimension.

Let's look at the problem from the point of view of the employee. Imagine you are an engineer and you need to know if you should optimize what you are doing for IOS or Android. Both platforms are "first class" as far as the company is concerned, but you are going to have to make a trade-off for this particular function. So, you run the decision up the chain and it gets to the CEO. Excuse me. It gets to Chief Product Officer/Chairman. Excuse me, which one must it get to? It impacts revenue, but it's a product decision. Or is it? Whomever she checks with will have to check with the other who may be in China and unreachable at the moment. Maybe the Chief Product Officer/Chairman and the CEO are at odds and need to wait until they are face-to-face to resolve it. It the meanwhile, she waits and

waits. Now multiply this by thousands of employees and that's what it means when you share command.

If shared command is so bad, why do people keep trying it? Basically, the people in charge need to make one decision: who should run the company. They cannot decide, so they compromise. And now, because they couldn't make one decision, every single decision that the company makes from this day forward will be slower than it would have been otherwise. It sucks to work for that place.

The Great Exception

You may be reading this and asking, what about Workday? Aren't Dave Duffield and Aneel Bhusri co-CEOs? Isn't Workday the greatest new enterprise software company known to man? The answer to all of those questions is yes. Workday is the great exception to the rule. Why is Workday able to do it? What makes them the exception that proves the rule? In speaking with Aneel, several factors make Workday's command structure unique.

- Aneel and Dave have been working together for over 20 years–They are not just co-workers or friends; they are family. They comprehensively know and agree upon each other's strengths and weaknesses. The have total trust.
- Dave is 26 years older than Aneel – There is no chance for a sibling rivalry. Dave is far more excited about Aneel's success than his own and vice-versa. Dave sees Workday as Aneel's company eventually and is there to help Aneel succeed. To a large extent it is Aneel's company now in terms of command structure.
- Command is not actually shared at Workday, command is partitioned. Because Dave and Aneel know each other so well, the division of decision making is natural and

> obvious to them and everyone in the company. Beyond that, since Aneel is the eventual lone CEO, the decisions are his to make and get Dave's advice when he needs it. Aneel gets the bonus of being able to completely delegate whole categories of decision-making and responsibility to Dave whenever he needs to.

So, if you've worked together for 20 years, have already selected who will eventually run the company and have a track record of being two of the greatest entrepreneurs of the past 2 decades, then go ahead and share command. Otherwise, it is never a good idea.

Footnote: Some people perceive that Marc and I share command at Andreessen Horowitz. This is not true. The operational decision making process is run by Scott Kupor. The investment decisions are decided (as in other firms) by the General Partners.

[7]

Through the Looking Glass: Hiring Sales People

> He's a big bad wolf in your neighborhood
> Not bad meaning bad, but bad meaning good
> —Run DMC, "Peter Piper"

Perhaps the most common mistake that I see a technical founder make when building her sales organization is she applies strategies that worked in building the engineering team to the sales hiring process. This may sound shocking, but sales people are different than engineers and treating them like engineers does not work well at all.

It starts with the hiring process. If you attempt to hire sales people using the same assumptions that worked with engineering, then here are some of the things that will go wrong:

The Interview

A good engineering interview will include some set of difficult problems to solve. It might even require that the candidate write a short program. In addition, it will test the candidate's knowledge of the tools she uses in great depth. A small portion of the interview may address personality

traits, but smart managers will tolerate a very wide variety of personalities to find the best engineers.

A good sales interview is the opposite. You can quiz them on hard sales problems all day long, but only a horrible sales rep won't be able to bluff her way through the most intricate quiz on how to sell a complex account. On the other hand, great sales people tend to have very specific personality traits. Specifically, great sales people must be courageous, competitive and hungry. They also need enough intelligence to get the job done. That's the magic formula. Hire engineers with that profile and you'll fail. Hire sales people who are really smart problem solvers, but lack courage, hunger and competitiveness, and your company will go out of business.

Dick Harrison, CEO of Parametric Technologies, home of perhaps the greatest enterprise sales force ever built, interviewed Mark Cranney, the greatest sales manager I have ever met, as follows:

> Dick: "I'll bet you got into a lot of fights when you were a youth didn't you?"
> Mark: "Well yes, Dick, I did get into a few."
> Dick: "Well, how'd you do?"
> Mark: "Well, I was about 35-1."
> Dick: "Tell me about the 1."
> Mark tells him the story, which Dick enjoys immensely.
> Dick: "Do you think you could kick my ass?"
> Mark pauses and asks himself: "Is Dick questioning my courage or my intelligence?" Then replies: "Could or would?"

Dick hires Mark on the spot.

Ask an engineer that same set of questions and at best she'd be confused and at worst she'd be horrified. By asking Mark those questions, Dick quickly found out:

- If Mark had the courage to stay in the box and not get flustered

- That Mark came from a rough environment and was plenty hungry
- That Mark was super competitive, but smart enough to calculate his answer

Hiring sales people is different.

The Background

When screening engineers from other companies, it's smart to value engineers from great companies more than those from mediocre companies. All things being equal, always interview the Google engineer over the Quest Software engineer. Why? Because, as an engineer, you have to be way better to get a job at Google than at Quest. In addition, Google's engineering environment and techniques are state-of-the-art, so engineers who come from there will be well trained in an environment with high standards.

In contrast, anybody with a pulse can sell a massively winning product like Google Ads or VMware hypervisors, but people who consistently sold Lanier copiers against Xerox were elite. In fact, it might be a good sign that a sales rep was successful at a bad company. To succeed at selling a losing product, you must develop seriously superior sales techniques. In addition, you have to be massively competitive and incredibly hungry to survive in that environment.

The Cost of Making a Mistake

Great engineering organizations strive never to make hiring mistakes as hiring mistakes can be very costly. Not only do you lose the productivity that you might have gained from the hire, but you might well incur severe technical debt. To make matters worse, even when an engineering

manager recognizes she's made a mistake, she's often slow to correct it, leading to more debt and delay. In addition, building an engineering organization too quickly will cause all kinds of communication issues, which makes slow hiring in engineering a really smart thing to do.

On the other hand, you often can't afford to build out your sales force too slowly, especially if you have significant competition. Sales people, when compared to engineers, work in relative isolation, so there's productivity loss, but relatively little long-term debt or fast growth issues. Sales managers generally don't have issues with firing poor performers, so sales people go fast. I have a friend who was fond of saying, "We have two kinds of sales people: rich and new."

The Conclusion

Applying engineering hiring techniques to a sales organization is like eating poison ivy to get more green vegetables. You will get the opposite of what you want.

[8]

How to Ruin Your Company with One Bad Process

> Real quick, whole squad on that real sh*t
> 0 to 100, n***a, real quick
> —Drake, "0 to 100/The Catch Up"

I am a giant advocate for technical founders running their own companies, but one consistent way that technical founders deeply harm their businesses is by screwing up the budgeting process. Yes, the budgeting process. How ridiculous is that? How does it happen and why is it particularly problematic for engineers?

I'll begin by describing how I screwed it up in my company. Our sales were growing so fast that the biggest problem that we faced was that we literally could not handle all the customers that wanted to sign up for Loudcloud. To combat this and enable us to grow, I worked diligently with my team to plan all the activities that we needed to accomplish to expand our capacity and capture the market before the competition. Next, I assigned sub-goals and activities to each functional head. In conjunction with my leadership team, I made sure that each goal was measurable and supported by paired metrics as well as lagging and leading indicators. I then told the team to figure out what it

would take to accomplish those goals and return with their requirements for headcount and program dollars. Finally, I made adjustments to their requests based on industry benchmarks (mostly reductions) to get to a plan that I thought made sense.

Here's the basic process:

1. Set goals that will enable us to grow
2. Break the goals down so that there is clear ownership and accountability for each goal by a specific team
3. Refine goals into measurable targets
4. Figure out how many new people are required to hit the targets
5. Estimate the cost of the effort
6. Benchmark against the industry
7. Make global optimizations
8. Execute

Unless you are an experienced manager, you may not even see what's wrong with this process, but it very nearly led to my company's demise. In fact, the above process is completely upside-down and should only be followed if you wish to bloat your company to the brink of bankruptcy and create a culture of chaos.

When I asked my managers what they needed, I unknowingly *gamified* the budgeting process. The game worked as follows: The objective was for each manager to build the largest organization possible and thereby expand the importance of his function. Through the transitive property of status, he could increase his own importance as well. Now you may be thinking, "That wouldn't happen in my company. Most of my staff would never play that game." Well, that's the beauty of the game. It only takes one player to opt in, because once someone starts playing, everybody is going in — and they are going in hard.

Gameplay quickly becomes sophisticated as managers develop clever strategies and tactics to improve their chances for winning. One common game technique is to

dramatically expand the scope of the goals: "When you said that you wanted to increase our market presence, I naturally assumed that you meant globally. Surely, you wouldn't want me to take a U.S.-centric view." To really motivate the CEO, another great technique involves claiming dire circumstances if the company fails to achieve its metrics: "If we don't increase sales by 500% and our top competitor does, we will fall behind. If we fall behind, we will no longer be No. 1. If we're not No. 1, then we won't be able to hire the best people, command the best prices, or build the best product, and we will spin into a death spiral." Never mind the fact that there is almost no chance that your competitor will grow 500% this year.

Another subtle problem with this process is that when I asked my team what they needed to achieve their goals, they naturally assumed they would get it. As a result, my team deeply socialized their ideas and newly found money with their teams. This has the added gaming benefit of inextricably tying their demands to company morale. When the VP of marketing asked me for 10 headcount and $5M in program expenses, then shared that plan with his team, it changed the conversation. Now a major cutback to his plan would alarm his team because they had just spent two weeks planning for a much more positive scenario. "Wow, Ben greatly reduced the plan. Should I be looking for a job?" This kind of dynamic put pressure on me to create a more expansive expense plan than was wise. Multiply this by all my managers and I was on my way to burning up all my cash and destroying my culture.

My core problem was that my budgeting process did not have any real constraints. We were private and did not have a specific profit target that we needed to hit and we had plenty of cash in the bank. Drawing the line on expenses seemed rather arbitrary. In the absence of a hard constraint, I had no constraint.

An excellent constraining principle when planning your

budget is the preservation of cultural cohesion. The enemy of cultural cohesion is super-fast headcount growth. Companies that grow faster than doubling their headcount annually tend to have serious cultural drift, even if they do a great job of onboarding new employees and training them. Sometimes this kind of growth is necessary and manageable in certain functions like sales, but is usually counterproductive in other areas where internal communication is critical like engineering and marketing. If you quadruple your engineering headcount in a year, you will likely have less absolute throughput than if you doubled headcount. As an added bonus, you will burn way more cash. Even worse, you will lose cultural consistency as new people with little guidance will come in with their own way of doing things that doesn't match your way of doing things. Note that this does not apply to you if you have very small numbers. It's fine to grow engineering from one to four people or from two to eight. However, if you try to grow from 50 to 200, you will cause major issues if you are not extremely careful.

Starting with the cultural cohesion principle, a far better way to run the budgeting process is to start with the constraints. Some useful constraints are:

Run rate increase

– Note that I say "run rate increase" and not "spend increase". You should set a limit on the amount by which you are willing to increase what you are spending in the last month of the coming year vs. the previous year.

Earnings/Loss

– If you have revenue, another great constraint is your targeted earnings or loss for the year.

Engineering growth rate

– Unless you are making an acquisition and running it separately or sub-dividing engineering in some novel way, you should strive not to more than double a monolithic engineering organization in a 12-month period.

Ratio of engineering to other functions

– Once you have constrained engineering, then you can set ratios between engineering and other functions to constrain them as well.

After applying the global constraints, the following steps will provide a better process:

1. Take the constrained number that you created and reduce it by 10-25% to give yourself room for expansion, if necessary.
2. Divide the budget created above in the ratios that you believe are appropriate across the team.
3. Communicate the budgets to the team.
4. Run your goal-setting exercise and encourage your managers to demonstrate their skill by achieving great things within their budgets.
5. If you believe that more can legitimately be achieved in a group with more money, then allocate that manager extra budget out of the slush fund you created with the 10-25%.

At this point, some readers may think that I've lost my mind. As a technologist, you know that the worst thing that you can do is over-constrain the problem before you start. You'll kill creativity and prevent yourself from getting a truly great outcome. That's precisely why I, as an engineer, struggled with this process: the human factors muck up the logic. Specifically, local incentives, if not properly managed, will sharply motivate human behavior and defeat the global goals.

It's critical to recognize this so that you don't turn your

agile, small company into a slow, big company before its time.

[9]

Cash Flow and Destiny

> Wait 'til I get my money right
> Then you can't tell me nothing, right?
> —Kanye West, "Can't Tell Me Nothing"

If you are an entrepreneur, you have probably heard some crusty old CEO or investor say something like "cash is king." You probably read the Twitter S-1 and thought to yourself: "What the hell are those old guys talking about?" Twitter is still burning cash six years after founding and they, not cash, seem to be king.

In a situation such as this, I usually just say to myself: "That's the problem with wisdom, you can get it, but you cannot share it." But this particular nugget is so fundamentally important that I will attempt to represent the old guys in this imaginary conversation.

I was a founder/CEO during the period when cash seemed more like a serf than a king in 1999 and 2000. It was the era of "go big or go home." Investors loved anything Internet and could not care less about profits. I grew my company and I grew it fast. In less than nine months after founding, I booked a $27 million quarter. I was going big and definitely not going home.

Then the dot com crash happened and investors changed

their collective minds. Investors hated anything Internet and wouldn't fund anything that couldn't fund itself.

After two years of struggle, three layoffs and very little sleep, we got the company in a position to potentially generate cash. But at that point, doing so was still an open question. We had tough competitors and lots of work to do and still had plenty of time before becoming insolvent. Still, when Marc Andreessen, my co-founder and chairman of the board, said we should start generating cash, something told me that he was right.

When I sat down with my team and told them that we would generate positive cash flow no later than Q2 of 2003 and I planned to commit that to Wall Street, one of the best people on my team questioned the direction. He pointed to our low cash burn, money in the bank and long list of urgent features to be completed. He asked, "Why draw a line in the sand if we don't have to?" Sometimes it takes a tough question like that to gather one's thoughts. My response then is my response now to entrepreneurs who ask me this question:

"We should first decide how much we like laying people off, because if we love it then lets stay cash flow negative, because when we don't generate cash, the capital markets decide when we have to lay people off. In fact, we will have to listen very carefully to investors on everything because as soon as they stop liking us, we will start dying. I don't know about you, but I do not want to live my life that way. I do not want to have to tell all of our employees that we will do what we think is right until investors tell us we have to do otherwise. I want to control my destiny."

The manager didn't even have to reply, because his eyes told me that he knew what I was talking about. This wasn't about strategy or tactics; this was about freedom. The freedom to build the company the way we thought was best.

Over the next five years, investors wanted us to do lots of things. Some things they wanted were smart and some very

stupid. We listened to what they had to say, but we always did what we thought was right and we never worried about the consequences. Investors did not control our destiny. Over those five years the company's value grew 40-fold as a result of controlling our own destiny and being able to make our own decisions.

There are many examples of companies that finance their way through massive profitless growth. In the right circumstances and with the right company, this can be a good strategy. For companies like Twitter, it's a good strategy for two reasons. First, they're building something massively important with every rational expectation that it is spring-loaded to generate huge amounts of cash in the future. Second, the capital markets over the last six years have been willing to support them (as compared to the capital markets between 2000 and 2006 which wouldn't have). So, if you are just like Twitter and if you are in this era, everything works beautifully.

However, if you are not Twitter or if times change, then be careful. Until you generate cash, you must heed investors even when they are wrong. If investors wake up one day and think you are toast, you are indeed toast. When you generate cash, you can respond to silly requests from the capital markets the way Kanye would:

> Excuse me, is you saying something?
> Uh uh, you can't tell me nothing

[10]

Capital Market Climate Change

> Hope that you feel this
> Feel this way forever
> You can plan a pretty picnic
> But you can't predict the weather.
> —Outkast, "Ms. Jackson"

If you run a startup and are currently raising money, you probably planned for a somewhat different fundraising environment than the one you find yourself in today. You probably thought that valuations would be roughly the same as they were the last time you raised money. But they most certainly are not. Perhaps you are caught in the "Series A crunch" or perhaps you are a consumer company and expected that you would be valued on users rather than revenue like the last time. Or maybe you are a lucky enterprise company and are pleasantly surprised—this time.

How could this be? What about the efficient market hypothesis? Aren't markets rational? Won't we just return to the "normal" environment that we experienced before? To find out, let's look at the Price/Earnings (P/E) ratio of all S&P 500 IT companies at various points over the past 18 years. If markets behave rationally, one might expect the ratio of

price to earnings to be reasonably stable over the period (click here for complete data set). One would be wrong:

3/31/1995: 21.0
3/29/1996: 22.3
3/31/1997: 23.3
3/31/1998: 30.8
3/31/1999: 49.7
3/31/2000: 73.4
3/30/2001: 26.3
3/29/2002: 82.5
3/31/2003: 44.6
3/31/2004: 31.6
3/31/2005: 22.8
3/31/2006: 22.8
3/30/2007: 22.6
3/31/2008: 19.1
3/31/2009: 14.5
3/31/2010: 18.8
3/31/2011: 15.4
3/30/2012: 15.5

So, the average company on the S&P 500 IT index with $10M in annual earnings would be worth $210M in March of 1995, $820M in March of 2002, $310M in March of 2004 and $155M in March of last year. And those are big companies with real earnings, so you can imagine how a private company's valuation might fluctuate. If you have no imagination, consider my experience. In June of 2000, I raised money at an $820M post-money valuation. By the end of the year and despite more than doubling bookings, I could not raise money at any price in the private markets and was forced to take the company public at a $560M post-money valuation. Things change. Why do things change? Because markets are not logical; markets are emotional.

Now that we've established that climate change is real, what should you do if the current environment is much worse than you expected?

In some sense, you are like the captain of the Titanic. Had he not had the experience of being a ship captain for 25 years and never hit an iceberg, he would have seen the iceberg. Had you not had the experience of raising your last round so easily, you might have seen this round coming. But now is not the time to worry about that. Now is the time to make sure that your lifeboats are in order.

Before we begin doing that, let's understand the depth of the problem. First, if you did not understand how radically the fundraising environment might change, then there is no chance that your employees would have understood it. In fact, if you are like most companies, your managers probably implied to your employees that your stock price would only rise as long as you were private. They might have said something ridiculous like: "Based on the current price of the preferred stock, your offer is already worth $5M." As if the price could never go down. As if the common stock were actually the same as preferred stock. Silly them. As a result, if you raise money at a lower price, your people will likely not only freak out, but possibly believe they were lied to. Note that they may very well have been lied to. As Scooby Doo once said, "Ruh roh."

Now about those lifeboats.

If you are burning cash and running out of money, you are going to have to swallow your pride, face reality and raise money even if it hurts. Hoping that the fundraising climate will change before you die is a bad strategy because a dwindling cash balance will make it even more difficult to raise money than it already is, so even in a steady climate, your prospects will dim. You need to figure out how to stop the bleeding, as it is too late to prevent it from starting. Eating shit is horrible, but is far better than suicide.

When you go to fundraise, you will need to consider the possibility of a valuation lower than the valuation of your last round, i.e., the dreaded down round. Down rounds are bad and hit founders disproportionately hard, but they are

not as bad as bankruptcy. Smart investors will want the founders and employees to be properly motivated post-financing, so there may be a way to a reasonable outcome for both you and your people. Make sure that you figure out what kind of deal is better than bankruptcy and be sure to communicate to both your existing and potential new investors what you think makes sense. In this situation, it's better to start low and get one bidder that may lead to many and the market-clearing price than have no bidders and the dream of a high price.

Once you begin your process, keep in mind that you are looking for a market of one. You don't need every investor to believe that you can succeed. You only need one. If 20 investors tell you "no", that does not mean that there is no market for your deal. You just need one to say yes and she will erase all 20 no's.

After, God willing, you successfully raise your round and it's a down round or a disappointing round, you will need to explain things to your company. The best thing to do is to tell the truth. Yes, we did a down round. Yes, that kind of sucks. But no, it's not the end of the world. We can probably re-price your options. If we took too much dilution, we will work with our new investor to make sure that every employee is still highly financially motivated. We are the same company that we were yesterday and if you believed in that company, then you should believe in this one.

If your managers intentionally or accidentally lied, then you will need to address that too. Find out what happened and deal with the damage as best as you can. Do not ignore these things or stick your head in the sand, as you cannot afford to lose any more trust than you have already lost.

If you by some miracle make it through this process, then the most important thing to learn from your experience is this: The only surefire antidote to capital market climate change is positive cash flow. If you generate cash, investors

mean nothing. If you do not, then your success will depend upon the kindness of strangers.

[11]

Why I Did Not Go To Jail

> I just tell the truth so I'm cool in every hood spot
> 21 years and I ain't ever met a good cop
> —Drake, "I'm Goin In"

After we transitioned the business from Loudcloud to Opsware, we needed a head of finance. Therefore, when the CFO from one of the best-run enterprise software companies became available, I jumped at the chance to hire her.

Michelle (note: her name has been changed) comprehensively understood software accounting, business models, and best practices, and she was beloved by Wall Street in no small part due to her honest and straightforward reporting of her previous company's business. In my reference checking, at least a dozen investors told me that they made far more money when the numbers disappointed than when the company outperformed, because they trusted Michelle when she said that things were not worse than they appeared and bought on the dips.

Once she came on board, Michelle rapidly reviewed all of our practices and processes to make sure we were both compliant and competitive. One area where she thought we were less than competitive was our stock option granting

process. She reported that her previous company's practice of setting the stock option price at the low during the month it was granted yielded a far more favorable result for employees than ours. She also said that since it had been designed by the company's outside legal counsel and approved by their auditors, it was fully compliant with the law.

It all sounded great: better incentives for employees at no additional cost or risk. However, after nearly four years of disastrous surprises, nothing made me more nervous than things that sounded great. On top of that, changes related to accounting law always worried me.

They worried me, because every incentive that we put in place as a company was designed to encourage people to achieve their goals. All these incentives had the caveat that the goals must be achieved while obeying the law. Now that may sound simple, but in virtually every meeting every day people discuss their goals and how they will achieve them. They almost never discuss accounting law. In a sales forecast meeting, you will often hear, "What can we do to get this closed by the end of the quarter?" You never hear, "Will the way we made the commitment comply with Statement of Position-97-2 (the critical software accounting rule)?"

Beyond that, U.S. accounting law is extremely difficult to understand and often seems illogical and random. For example, the law in question with respect to stock options, FAS 123, is filled with paragraphs such as this:

"This Statement does not specify the measurement date for share-based payment transactions with non-employees for which the measure of the cost of goods acquired or services received is based on the fair value of the equity instruments issued. EITF Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", establishes criteria for determining the

measurement date for equity instruments issued in share-based payment transactions with non-employees."

And that is the clear part.

To guard against employees purposely or accidentally breaking the law in pursuit of their goals, I took two broad measures. First, when we started the company, Marc and I agreed that the company's General Counsel would always report directly to me. This is different than in many technology companies where the General Counsel reports to the Chief Financial Officer. That way, there would be no way for another executive to subvert the law in pursuit of the number. Secondly, I would regularly give a speech to the finance employees that went like this:

"In this business, we may run into trouble. We may miss a quarter. We may even go bankrupt, but we will not go to jail. So if somebody asks you to do something that you think might put you in jail, call me."

With that as a backdrop, I told Michelle that a better stock granting process sounded great, but I needed Jordan Breslow, my General Counsel, to review it before making a decision. Jordan lived in my hometown of Berkeley and he certainly belonged there. With hippie sensibilities, Jordan was nearly allergic to corporate politics, showmanship, or any behavior that covered the truth. As a result, I knew that what he said was 100% what he believed and had nothing to do with anything else. I could trust it. Michelle was surprised, as her previous company had run this practice for years with full approval from PricewaterhouseCoopers, its accounting firm. I said: "That's all fine and good, but I still need Jordan to review it first."

Jordan came back with an answer that I did not expect: "Ben, I've gone over the law six times and there's no way that this practice is strictly within the bounds of the law. I'm not sure how PwC justified it, but I recommend against it." I told Michelle that we were not going to implement the policy and that was that.

Well, that was that for a while. Then, almost two years later, the SEC announced that it was investigating Michelle's previous company for stock option accounting irregularities. This started a massive investigation of all Silicon Valley companies and their stock option accounting practices. All told, more than 200 companies were found guilty of some sort of irregularity.

In November of 2005, Michelle's previous employer announced that it was removing most of its management team in an admission of wrongdoing. The SEC issued Michelle a Wells notice, a letter stating that it planned to recommend enforcement action against her personally. It was not an indictment, but it was a formal investigation, and it would be very distracting. I had to ask her to step down. In some ways the choice was obvious—we could not put the entire company at risk for one person. Still, firing somebody who had done nothing wrong at Opsware was tough. Nonetheless, Michelle graciously resigned as she did not want to bring negative attention to the company.

In the days that followed, I carefully positioned the change to both protect the company and not put Michelle in a bad light. I told our employees that there was a difference between accounting fraud and accounting mistakes and I believed that Michelle made mistakes at her previous company, but did not commit fraud. I explained to our investors who loved Michelle that I also thought very highly of her, but I had no choice. The company came first.

Michelle ultimately served 3½ months in jail for her part in the other company's stock option practice—the same practice that we nearly implemented at Opsware. Since we had the same head of finance, we almost certainly would have been investigated. I obviously don't know what happened at the other company, but I do know that Michelle had no intention of breaking any laws and no idea that she'd broken any laws. The whole thing was a case of the old saying: "When the paddy wagon pulls up to the house of

ill repute, it doesn't matter what you are doing. Everybody goes to jail." Once the SEC decided that most technology company stock option procedures were not as desired, the jail sentences were handed out arbitrarily.

In retrospect, the only thing that kept me out of jail was some good luck and an outstanding General Counsel, and the right organizational design.

[12]

Shareholders' Best Interests

> To me it's kinda funny, the attitude showing a n***a driving
> But don't know where the fuck he's going, just rolling
> —Easy E, "Straight Outta Compton"

Recently, major shareholders and board members of the legendary, but now troubled, retail chain JCPenney have been fighting over the best direction of the company. 18% shareholder and hedge fund manager Bill Ackman proposes removing current CEO Mike Ullman and opening a search for a new CEO. Meanwhile, Starbuck's founder Howard Schultz counters that suggesting such a thing is despicable, especially when the company's current position is Ackman's fault. Meanwhile, the spat climaxed with Ackman resigning from the JCPenney's board of directors on August 12th and subsequently divesting his holdings.

While observing this, a friend of mine asked me a question: "Aren't they both highly motivated to do what's in the best interests of shareholders? Why are they pulling the company in different directions?" What an excellent question.

Despite appearing to have totally aligned interests, these two can't seem to agree on anything. Beyond that, they have almost no regard for each other's opinions. How can that be? Is one of them an idiot? Is Howard Schultz soft?

Is Bill Ackman despicable? Certainly, both have been quite successful in their careers. Why the sharp disagreement about the future of the franchise?

There are at least two major reasons why these two do not agree. The first is time horizon. If your objective is to restore JCPenney to its former glory, then your time horizon is “as long as it takes”, and you stand to lose nothing if you are wrong. Conversely, you might come up with an entirely different strategy if your objective is to get the stock price up long enough to get your money out. It is often the case that conflicting time horizons among shareholders lead to sharp disagreements about the right leadership for a company. One might assume that Howard Schultz, as an entrepreneur and former CEO with no financial stake in the company, has a longer time horizon than Ackman who has a huge stake in a good short-to-medium term outcome. As a result, Schultz may be more focused on making hard decisions in the short-term, even if those decisions cause a temporary decrease in the stock price. Ackman, on the other hand, will have to answer to his own shareholders if he takes such a short-term hit, so he has a real incentive to employ a strategy that yields a monotonically increasing stock price.

The second reason is that almost nobody knows what’s in the shareholder’s best interests when it comes to corporate strategy. Specifically, the right answer for JCPenney isn’t actually clear to anybody. When a company goes into a spiral, better execution on the current path will not work. Therefore, a new path must be chosen. Choosing a new path for any company is extremely difficult. Choosing one for a business as old and large as JCPenney is rocket science. When Apple was winding down the drain in the late 1990s, nobody other than Steve Jobs thought that further vertically integrating the product line was the right strategy. Every publication, analyst and reporter considered it self-evident that Apple needed to become more horizontal to compete

with “PC economics”. It turned out that the right answer wasn’t obvious. It was so complicated that only the founder of the company and perhaps the greatest CEO of our time came up with it. Certainly no board member or shareholder had the answer.

Similarly, when I was CEO, I radically changed the direction of my publicly held company in 2002. Nearly all of my shareholders promptly gave me a vote of “no confidence” and sent Opsware’s stock plummeting from $2/share to $0.035/share. By 2007, I sold the company to Hewlett-Packard for $14.25/share. It seems that all of my shareholders voted with their wallets and against their own best interests.

It’s not clear that it’s possible for any outside board member or shareholder to have enough knowledge to pick a company’s new direction accurately. I was working 16 hours/day on the problem and I barely knew enough to make that decision. As a result, the best that outside parties can do is vote for or against the CEO. Clearly that’s not easy when you don’t know where the company should be headed.

[13]

Can Do vs. Can't Do Cultures

> God body and mind, food for the soul
> When you feeding on hate, you empty, my ni*&$a, it shows
> —Rick Ross, "Hold On"

> The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man.
> —George Bernard Shaw

Lately, it's become in vogue to write articles, comments and tweets about everything that's wrong with young technology companies. Hardly a day goes by where I don't find something in my Twitter feed crowing about how a startup that's hit a bump in the road is "fu&%@d" or what an as*h%le a successful founder is or what an utterly idiotic idea somebody's company is. It seems like there is a movement to replace today's startup culture of hope and curiosity with one of smug superiority.

Why does this matter? Why should we care that the tone is tilting in the wrong direction? Why is it more important to find out what's right about somebody's company than what's wrong?

The word technology means "a better way of doing things." This is easy to say, but extremely difficult to do.

Making a better way of storing information, a better currency, or a better way of making friends means improving on thousands of years of human experience and is therefore extraordinarily difficult. At some level, it would seem logically impossible that anybody could ever improve anything. I mean if nobody from bible days until 2014 has thought of it, what makes you think you are so smart? From a psychological standpoint, in order to achieve a great breakthrough, you must be able to suspend disbelief indefinitely. The technology startup world is where brilliant people come to imagine the impossible.

As a Venture Capitalist, people often ask me why big companies have trouble innovating while small companies seem to be able to do it so easily. My answer is generally unexpected. Big companies have plenty of great ideas, but they do not innovate because they need a whole hierarchy of people to agree that a new idea is good in order to pursue it. If one smart person figures out something wrong with an idea–often to show off or to consolidate power—that's usually enough to kill it. This leads to a Can't Do Culture.

The trouble with innovation is that truly innovative ideas often look like bad ideas at the time. That's why they are innovative – until now, nobody ever figured out that they were good ideas. Creative big companies like Amazon and Google tend to be run by their innovators. Larry Page will unilaterally fund a good idea that looks like a bad idea and dismiss the reasons why it can't be done. In this way, he creates a Can Do Culture.

Some people would like to turn the technology startup world into one great big company with a degenerative Can't Do Culture. This post attempts to answer that challenge and reverse that tragic trend.

Dismissive rhetoric with respect to technology is hardly new. Sometimes the criticism is valid in that the company or invention does not work, but even then it often misses

the larger point. Here are two historical examples to help illustrate:

The Computer

In 1837, Charles Babbage set out to build something he called The Analytical Engine the world's first general-purpose computer that could be described in modern times as Turing-complete. In other words, given enough resources the machine that Babbage was building could compute anything that the most powerful computer in the world today can compute. The computation might be slower and the computer might take up more space (OK, amazingly slow and incredibly huge), but his design matched today's computational power. Babbage did not succeed in building a working version as it was an amazingly ambitious task to build a computer in 1837 made out of wood and powered by steam. Ultimately, in 1842 English mathematician and astronomer George Biddel Airy advised the British Treasury that the Analytical Engine was "useless" and that Babbage's project should be abandoned. The Government axed the project shortly after. It took the world until 1941 to catch up with Babbage's original idea after it was killed by skeptics and forgotten by all.

171 years later, it's easy to see that his vision was true and computers would not be useless. The most important thing about Babbage's life was not that his timing was off by 100 years, but that he had a great vision and the determination to pursue it. He remains a wonderful inspiration to many of us to this day. Meanwhile, George Biddel Airy seems more like a short-sighted crank.

The Telephone

Alexander Graham Bell, inventor of the telephone, offered to sell his invention and patents to Western Union, the

leading telegraph provider, for $100,000. Western Union refused based on a report from their internal committee. Here are some of the excerpts of that report:

"The Telephone purports to transmit the speaking voice over telegraph wires. We found that the voice is very weak and indistinct, and grows even weaker when long wires are used between the transmitter and receiver. Technically, we do not see that this device will be ever capable of sending recognizable speech over a distance of several miles.

"Messer Hubbard and Bell want to install one of their "telephone devices" in every city. The idea is idiotic on the face of it. Furthermore, why would any person want to use this ungainly and impractical device when he can send a messenger to the telegraph office and have a clear written message sent to any large city in the United States?

"The electricians of our company have developed all the significant improvements in the telegraph art to date, and we see no reason why a group of outsiders, with extravagant and impractical ideas, should be entertained, when they have not the slightest idea of the true problems involved. Mr. G.G. Hubbard's fanciful predictions, while they sound rosy, are based on wild-eyed imagination and lack of understanding of the technical and economic facts of the situation, and a posture of ignoring the obvious limitations of his device, which is hardly more than a toy... .

"In view of these facts, we feel that Mr. G.G. Hubbard's request for $100,000 of the sale of this patent is utterly unreasonable, since this device is inherently of no use to us. We do not recommend its purchase."

The Internet

Today most of us accept that the Internet is important, but this is a recent phenomenon. As late as 1995, Astronomer Clifford Stoll wrote the article entitled Why the Web Won't

Be Nirvana in Newsweek, which includes this unfortunate analysis:

Then there's cyberbusiness. We're promised instant catalog shopping—just point and click for great deals. We'll order airline tickets over the network, make restaurant reservations and negotiate sales contracts. Stores will become obselete. So how come my local mall does more business in an afternoon than the entire Internet handles in a month? Even if there were a trustworthy way to send money over the Internet—which there isn't—the network is missing a most essential ingredient of capitalism: salespeople.

What mistake did all these very smart men make in common? They focused on what the technology could not do at the time rather than what it could do and might be able to do in the future. This is the most common mistake that naysayers make.

Who does the Can't Do Culture hurt the most? Ironically, it hurts the haters. The people who focus on what's wrong with an idea or a company will be the ones too fearful to try something that other people find stupid. They will be too jealous to learn from the great innovators. They will be too pig headed to discover the brilliant young engineer who changes the world before she does. They will be too cynical to inspire anybody to do anything great. They will be the ones who history ridicules.

Don't hate, create.

[PART II]

Bonus Tracks (older posts not in The Hard Thing About Hard Things)

[14]

No Credit for Predicting Rain

> Smack slap smack slap smack slap smack
> Just to make it worse and hurt your pride I'll run it back
> Smack slap smack slap smack slap smack
> —LL Cool J, "How I'm Comin'"

Recently, I was reminded of one of the more annoying things that happens to the CEO when things go horribly wrong in your business. After a terrible event such as a lay off or a whiffed quarter or getting stomped by the competition in a critical deal, you run the scenarios of doom through your mind thousands of times. You retrace every terrible small decision that you made along the way. After doing so thousands of times, you sometimes find a difficult, low-probability way to get the company out of the mess.

At that point, it's sort of like walking into the OK Corral with only one bullet in your gun—you know that you have to hit the target with that one bullet. So you summon all your energy to rally your troops and intensely focus them on that one achievable goal. You draw on every ounce of positivity in your soul to get the team behind the plan. Once you've finally generated enough momentum to create some hope that you might survive, the annoying thing happens. In a critical meeting with many of your best and most important employees, an influential person (perhaps an

executive or a board member) raises his hand, proceeds to recount all of the company's past mistakes and predicts that the company will fail. He doesn't say anything new or anything interesting; he just recounts all of the company's extremely well known problems. Gee, thanks.

To those predictors of doom, I relay what an old friend once passed on to me. At a certain point in the process, no credit will be given for predicting rain. The only credit will be for helping to build an ark.

July 20, 2010

[15]

Second Startup Syndrome

> When your ups lift you down
> your placebo is too weak
> you're in the syndrome
> —Parliament, "Placebo Syndrome"

Often when super successful entrepreneurs found their second company, they suffer from a dangerous condition. In fact, the more successful the original startup, the more likely it is that the entrepreneur develops an acute case of *Second Startup Syndrome*.

Second Startup Syndrome occurs when an entrepreneur wants to pick up in her second startup right where her first startup left off. In the beginning, the focus of a startup must be on building a great product and finding product market fit. During this period, there is no glamour and very little breadth—the company must be narrow. Serial entrepreneurs who suffer from *Second Startup Syndrome* want to skip through the narrow early steps and move quickly to more exciting topics such as long-term strategy, sales and marketing, company positioning, company culture, and more. Unfortunately, when you build a house, it's usually a very bad idea to start with the roof.

Some telling symptoms of *Second Startup Syndrome*:

- The company assumes that the first product will succeed and spends more time figuring out business models and monetization strategies than developing the core product idea.

- The company becomes obsessed with the things that went wrong in their last company and focuses entirely on how to rid the new company of these mistakes. If the previous company was successful, the entrepreneurs often ignore what went right and focus on what went wrong.

- The company glosses over important details assuming that what worked the first time will automagically work the second time.

Perhaps the greatest sign of *Second Startup Syndrome* is a lack of anxiety. Building a new technology company is really, really hard. In order to do it successfully, you have to sweat the details, worry about all the things that might go wrong, and suffer more than a few sleepless nights (either from working through the night or just worrying through the night). All of those things that you go through—a boiling stomach, lack of sleep, waves of paranoia, and vivid visions of your own demise—turn out to be good things.

June 14, 2010

[16]

Is Now the Time to Hire MBAs?

> First they hate you, then they love you, then they hate you again
> What the f*ck do it take for a gangsta to win?
> —The Game, "Don't Need Your Love"

Conventional wisdom among smart technology entrepreneurs says not to hire people with Masters in Business Administration (MBAs) into startups. Aaron Patzer, founder of Mint, expressed the sentiment well when he said: "*When valuing a startup, add $500k for every engineer, and subtract $250k for every MBA."* My friend Peter Thiel once warned a young entrepreneur: "Never ever hire an MBA; they will ruin your company." I chimed in myself with this Quora answer ["Does getting an MBA make someone a better entrepreneur?"]. At Andreessen Horowitz, we believe that once everyone thinks that something is true, that might be a good time to do the opposite. So, with everyone convinced that MBAs are useless, I wonder: Is now the time to hire MBAs?

When considering this question, the first thing to understand is that MBAs have not always been the scourge of startup society. When I began my career in the late 80s and early 90s, MBAs ran most of the best new technology companies. Scott McNealy and Ed McCracken, Stanford

MBAs, ran the two best new computer companies, Sun and Silicon Graphics, respectively. John Morgridge, Stanford MBA, ran Cisco, the best new networking company. Bill Campbell, Columbia MBA, ran a hot new consumer software company, Intuit, and Dave Duffield, Cornell MBA, ran the premier new enterprise software company, PeopleSoft.

So, what happened? How did startup world grow to loathe MBAs?

It turns out that the success of the MBAs from the late 80s and early 90s created an insatiable demand from startup companies and their backers to hire MBAs from top schools. With only a small number of top schools, the newly minted MBAs became the belles of the of the startup ball. Every Stanford and Harvard MBA received multiple offers from top startups and, not surprisingly, many MBAs developed a strong sense of entitlement and overconfidence.

They began to stroll into startups with insane lists of demands. They wanted lofty titles, they wanted to manage hundreds of people even though they had no management experience, and they wanted salaries that matched people with 10 years more experience. And the MBAs got what they wanted, which ironically precipitated the MBA's long and painful fall from the penthouse to the outhouse.

It turns out, as I pointed out in my Quora post, you can't learn management exclusively from a class or a book. It takes real world practice. Many of the MBAs who got the big management positions turned out to be some of the worst managers that Silicon Valley has ever seen. While understandable given their total lack of experience, the people assigned to work for them did not understand. When these employees asked themselves how such incompetent imbeciles could acquire such important jobs, all evidence pointed back to an all too familiar culprit: The miserable, sorry, weak manager that you suffer under got his position not by merit, but by MBA.

To make matters worse, the entitlement bug spread through the MBA community like a social game with full access to the Facebook feed controls. It got so bad that at one point an MBA employee of mine asked for a promotion because most of his classmates at Stanford had been promoted and he felt left out. Had I been a more experienced CEO, I would have fired him on the spot. Being young and naïve, I simply replied: "I'm sorry. You must have me confused with somebody who gives a crap." In any case, the episode did not make me want to hire more MBAs.

Perhaps worst of all, many MBAs carried intense ambition for themselves, but no strong bond to the company's mission. While everyone else in the company was "ride or die," these MBAs could be seen carefully plotting their next career move. When you're working 16 hours/day with a team of dedicated people driven towards achieving a nearly impossible goal, this does not sit well.

Finally, the MBA schools of the late 90s and early 2000s did a relatively poor job of preparing people for startups. MBAs learned how to analyze existing markets, but knew nothing about creating new markets. In general, the MBA education was geared towards attaining positions in large, established companies rather than new entrepreneurial ventures.

At this point, it's probably not difficult to understand why MBAs carry little credibility in startup world. So why am I even asking the question? I think we have thrown the babies out with the bathwater. More specifically, we've thrown the outstanding talent out with the bad behavior of an old, irrelevant sub group. Broad categorizations usually tend to be a bad idea when it comes to people and in this case, the trends that led to the negative characterization have reversed. In my observation, there are four key reasons to consider hiring today's MBAs.

1. *The world largely beat the arrogance, overconfidence and*

sense of entitlement out of the current crop of MBAs. Most now exhibit a level of humility and willingness to learn that was unheard of 10 years ago.

2. *The course material has become much more relevant*. Innovative instructors like Tom Eisenmann and Alison Wagonfeld at Harvard explore the challenges of scaling new companies. Mark Leslie and Andy Rachleff at Stanford teach key lessons in building enterprise sales channels. Bob Sutton and Huggy Rao at Stanford teach novel approaches to incentives. Today's MBAs bring some interesting knowledge and relevant skills to the table. This is in stark contrast to the old curriculum, which focused on big company problems.
3. *The kids are still smart*. Even in the late 90s and early 2000s, you had to be extremely smart and ambitious to get into the Stanford or Harvard MBA programs. That's still true today.
4. *A different perspective can be helpful*. Engineers run most technology startups and that's great. But it is important to recognize that engineers tend to look at the world from the product *out*. Having a few people in the company who see the world from the market *in* can be enlightening.

In the public equities market, everyone knows to buy low and sell high. However, the momentum of the day usually overwhelms that obvious strategy. In practice, public market investors pile into stocks as they become overvalued and abandon high quality companies at the first sign of trouble. Similarly, when it comes to hiring MBAs, technology companies have historically bought high and sold low. The current price is low.

May 18, 2012

[17]

On Micromanagement

This was a guest post on the original pmarca blog [ebook and links to archives to that available here], responding to Marc's views on hiring, managing, promoting, and firing executives. Marc italicized the parts below where Ben "really tears into me, for your added humor value".

While I enjoyed Marc's post on hiring and firing executives, I think that he unfairly dissed micromanagement.

Here's why.

Everyone knows that the hyper-controlling manager with the severe personality disorder who micromanages every crummy decision is no fun to work for. However, it is wrong to condemn the practice of micromanagement on that basis.

Specifically, there are times and situations where micromanaging executives is not just ok, but also the right thing to do. Andy Grove has an excellent explanation of this in his classic book High Output Management, where he describes a concept called "Task Relevant Maturity". Andy explains that employees who are immature in a given task require detailed training and instruction. **They need to be micromanaged.** On the other hand, if an employee is

relatively mature in a task, then it is counterproductive and annoying to manage the details of their work.

This is also true when managing executives. Marc might think that he hires an executive because she has the experience and know-how to comprehensively do her job, so any detailed instruction would be unwise and unwarranted. *Marc would be wrong about that.* It turns out that even — and maybe especially — executives are also immature in certain tasks.

It is almost always the case that a new executive will be immature in their understanding of your market, your technology, and your company — its personnel, processes, and culture. Will the new head of engineering at Ning walk in the door with Marc's understanding of the development process or the technology base? Would it be better for this new head of engineering to make guesses and use her own best — not so good– judgment, or for Marc to review the first say 20 decisions until the new exec is fully up to speed?

In reality — as opposed to *Marc's warped view of reality* — it will be extremely helpful for Marc [if he were actually the CEO, which he is not] to meet with the new head of engineering daily when she comes on board and review all of her thinking and decisions. This level of micromanagement will accelerate her training and improve her long-term effectiveness. It will make her seem smarter to the rest of the organization which will build credibility and confidence while she comes up to speed. **Micromanaging new executives is generally a good idea for a limited period of time.**

However, that is not the only time that it makes sense to micromanage executives. It turns out that just about every executive in the world has a few things that are seriously wrong with them. They have areas where they are truly deficient in judgment or skill set. That's just life. Almost nobody is brilliant at everything. **When hiring and when firing executives, you must therefore focus on strength**

rather than lack of weakness. Everybody has severe weaknesses even if you can't see them yet. When managing, it's often useful to micromanage and to provide remedial training around these weaknesses. Doing so may make the difference between an executive succeeding or failing.

For example, you might have a brilliant engineering executive who generates excellent team loyalty, has terrific product judgment and makes the trains run on time. This same executive may be very poor at relating to the other functions in the company. She may generate far more than her share of cross-functional conflicts, cut herself off from critical information, and significantly impede your ability to sell and market effectively.

Your alternatives are:

(a) Macro-manage and give her an annual or quarterly objective to fix it, or…

(b) Intensively micromanage her interactions until she learns the fundamental interpersonal skills required to be an effective executive.

I am arguing that doing (a) will likely result in weak performance. The reason is that she very likely has no idea how to be effective with her peers. If somebody is an executive, it's very likely that somewhere along the line somebody gave her feedback — perhaps abstractly — about all of her weaknesses. Yet the weakness remains. **As a result, executives generally require more hands-on management than lower level employees to improve weak areas.**

So, micromanagement is like fine wine. A little at the right times will really enhance things; too much all the time and you'll end up in rehab.

September 19, 2007

[PART III]

Tributes

[18]

Andy

New introduction to "High Output Management" [see also this video tribute to Andy Grove, 1936-2016)]

> At sixteen, son was watching him, mesmerized
> Respect, not jocking him, was so amazing, besides
> He came on the stage with lasers in his eyes
> Walk with me now
> — Nas, "U.B.R. (Unauthorized Biography of Rakim)"

I first read High Output Management in 1995. In those days, there were no blogs or TED Talks teaching us about entrepreneurship. In fact, there was almost nothing of use written for people like me who aspired to build and run a company.

Against this backdrop, *High Output Management* had an almost legendary status. All the best managers knew about it. The top venture capitalists gave copies of it to their entrepreneurs, and aspiring leaders in Silicon Valley devoured its contents. It amazed all of us that the CEO of Intel had taken the time to teach us the essential skill of entrepreneurship: how to manage.

This was no small thing because Intel was known as the best company in the technology industry. It had pulled off

the greatest transformation in the history of the business: moving from the memory business to microprocessors more than a decade after its founding. Beyond that, Intel ran with legendary precision, which gave it the ability to make multibillion-dollar investments with high confidence. If you wanted to hire a great operational manager, then Intel was the place to go — but good luck getting one to leave the best-managed company in Silicon Valley.

Andy himself was a legendary figure. He had grown up Jewish in Hungary during a time when the country was occupied by the Nazis and, later, by the Soviet Communists. Arriving in New York, he spoke no English and had almost no money. He enrolled himself at the City College of New York, overcame his language deficiency, and went on to get a PhD from UC Berkeley. This nonnative English speaker would then write an important textbook on semiconductors *in English* while working at Fairchild Semiconductor. As a result, he was considered a scientific pioneer even before helping to launch Intel in 1968, building it into the seminal technology company of the era. Later, in 1997, *Time* magazine would recognize his nearly impossible accomplishments and name him Man of the Year.

This is in part what made *High Output Management* so extraordinary. Andy Grove, who built himself from nothing to run Intel, stopped what he was doing to teach us his magic. And not through some ghostwriter either — Andy wrote this book himself. What an incredible gift.

When I finally got my hands on the book, the paperback cover took me aback. The 1995 version featured a picture of Andy Grove standing next to the Intel sign. Unlike every other CEO photo that I had ever seen, Andy was not wearing a designer suit. He did not have perfectly combed hair, and he did not strike an arms-folded power pose. No, Andy Grove was dressed for work right down to his key card hanging from his belt. I did a double take. "Was that a key

card? He didn't remove his key card for the book's cover photo?"

In retrospect, the cover was perfect. As you will see when you read this book, Andy Grove was all substance. He did not have time for pretty photo shoots or self-promotion. He wrote the book for us, but if we had to be sold on it by how he looked in the photo, then that would be our loss. The time that he did not spend styling fancy photos, he put into writing the book. He did not just give us the lessons; he articulated them in a way that connected both logically and emotionally. We would come to understand him and feel what he meant in our core.

I immediately got a jolt of this style with the title of the very first chapter: "The Basics of Production: Delivering a Breakfast (or a College Graduate, or a Compiler, or a Convicted Criminal...)." Okay, I am interested. What does making a soft-boiled egg have to do with how many prisons we build? It turns out quite a bit. *High Output Management* opens by teaching us the importance of proper system design even when we are dealing with a system of human beings — *especially* when we are dealing with a system of human beings.

Andy then shows us how you can use these same principles to understand how society should operate. It doesn't accomplish anything to declare that we need more kids going to college than to jail and demand that we build more schools than jails. In fact, it's counterproductive. Identifying complex system problems is one thing. Solving them is something else entirely, and Andy lays out the tools to do just that.

Over the years, I have come to consider *High Output Management* a true masterpiece, and there are at least three core aspects to its genius. First, in as little as one sentence, it lucidly explains concepts that require entire books from lesser writers. Second, it consistently uncovers brand-new management ideas or finds new insights in old standards.

Finally, while most management books attempt to teach basic competency, *High Output Management* teaches the reader how to be great.

Andy introduces management with this classic equation:

> A manager's output = the output of his organization + the output of the neighboring organizations under his influence.

On the surface it may seem simple, but he clarifies the essential difference between a manager and an individual contributor. A manager's skills and knowledge are only valuable if she uses them to get more leverage from her people. So, Ms. Manager, you know more about our product's viral loop than anyone in the company? That's worth exactly nothing unless you can effectively transfer that knowledge to the rest of the organization. That's what being a manager is about. It's not about how smart you are or how well you know your business; it's about how that translates to the team's performance and output.

As a means to obtain this leverage, a manager must understand, as Andy writes: "When a person is not doing his job, there can only be two reasons for it. The person either can't do it or won't do it; he is either not capable or not motivated." This insight enables a manager to dramatically focus her efforts. All you can do to improve the output of an employee is motivate and train. There is nothing else.

As he describes the planning process, Andy sums up his essential point with this eloquent nugget of wisdom: "I have seen far too many people who upon recognizing today's gap try very hard to determine what decision has to be made to close it. But today's gap represents a failure of planning sometime in the past." Hopefully, the value of this short insight is not lost on the young reader. If you only understand one thing about building products, you must understand that energy put in early in the process pays off

tenfold and energy put in at the end of the program pays off negative tenfold.

The book has an entire section dedicated to an often neglected, but critically important management tool: meetings. Andy makes us see this oldest of business principles in a new light. He teaches meetings from first principles, beginning with how to conduct a one-on-one. It seems incredible that the CEO of Intel would take the time to explain how to have a one-on-one.

Why is he doing this? It turns out that the one-on-one is not only a fundamental element in the manager/employee relationship, but perhaps the best source for organizational knowledge that a manager can get. In my experience, managers who don't have one-on-ones understand very little about what's happening in their organizations.

It is by understanding the simple things that Andy goes deep. For example, when people visit today's technology companies they often remark about how casual the environments are, but with very little explanation about why they are that way. In fact, many CEOs do not understand why as they simply follow the trend, but Andy explains it perfectly:

> A journalist puzzled by our management style once asked me, "Mr. Grove, isn't your company's emphasis on visible signs of egalitarianism such as informal dress, partitions instead of offices...just so much affectation?" My answer was that this is not affectation, but a matter of survival. In our business we have to mix knowledge-power people with position-power people daily, and together they make decisions that could affect us for years to come.

In this fashion, the book quickly gets to the heart of complex issues. It raises and deals with the stickiest management issues. Andy asks the question of whether you should be friends with the people you manage:

> Everyone must decide for himself what is professional and appropriate here. A test might be to imagine yourself delivering a tough performance review to your friend. Do you cringe at the thought? If so, don't make friends at work. If your stomach remains unaffected, you are likely to be someone whose personal relationships will strengthen work relationships.

By breaking down the process, he makes hard things manageable.

Ultimately, the power of *High Output Management* is that it creates experts rather than merely competent managers.

A great example of this is the section on task-relevant maturity. This part of the book became very personal for me as it taught me how to formulate the most useful management question that I use in interviews: *"Is it better to be a hands-on or hands-off manager?"*

It seems like a simple enough question, but it sorts out the 95 percent of managers who never think deeply about their craft from the 5 percent who do. The answer, as Andy explains, is that it depends. Specifically, it depends on the employee. If the employee is immature in the task, then hands-on training is essential. If the employee is more mature, then a delegate approach is warranted. Andy presents a great example of this: "The subordinate did poor work. My associate's reaction: 'He has to make his own mistakes. That's how he learns!' The problem with this is that the subordinate's tuition is paid by his customers. And that is absolutely wrong."

Perhaps the chapter that best reflects Andy Grove is the last, "Why Training Is the Boss's Job." Often, people who manage in the so-called knowledge economy believe their employees are so smart that they need no training at all. Andy brilliantly corrects this notion by explaining why as customers we are flabbergasted when we encounter employees who are insufficiently trained at relatively simple

tasks such as taking restaurant reservations. He then challenges us to imagine how furious customers of complex jobs will be if an employee isn't properly trained. Finally, he reiterates his thesis that there are only two ways in which a manager can impact an employee's output: motivation and training. If you are not training, then you are basically neglecting half the job.

Throughout the chapter, the reader feels Andy's intense passion toward training and teaching, because in the end — more than anything else — he is a teacher…in the very best sense of the word.

Many years after reading *High Output Management,* I met Andy for the first time. Upon seeing him, I was so excited that I immediately blurted out how much I loved the book. In classic Andy Grove style, he shot back: "Why?" I did not expect that. I thought that he would say, "Thank you" or "I appreciate that," but not "Why?" But that was Andy. He was always teaching and always expecting more from every student.

Caught completely off guard, I scrambled for the reason and came across a good one: "Every other management book that I've read explains the trivial, but yours gets to the real issues." Upon hearing that, the master teacher softened and replied with a priceless story:

> It's funny that you say that about management books. I recently ran out of space on my bookshelf at home, so I was faced with a choice. I either had to throw away some books or buy a bigger house. Well, that was an easy decision, but which books to throw out? Then I thought, the management books! But I had a problem. Nearly every management book that I'd received was sent to me by the author and was autographed with a kind inscription. I felt badly about throwing away all those nice notes. So, I went through each book and tore out the inscription page then threw away the book. So now I have

a large stack of pages of nice notes to me and plenty of space for good books.

I have never met anyone other than Andy Grove who would have a story like that. He uniquely balances the highest standards for clear thinking and performance with an undying belief in the underlying person. Who else would require so high a bar for writing that you had to be good enough to fit on his one bookshelf and still be so touched by the fact that you wanted him to read your work that he would save the page that you inscribed?

Later, in 2001, I met with Andy again and I asked him about a recent run of CEOs missing their numbers despite having told investors that their businesses were strong. The bubble had burst for the first wave of Internet companies nearly a year prior, so it surprised me that so many many of them had not seen this coming. Andy replied with an answer that I did not expect: "CEOs always act on leading indicators of good news, but only act on lagging indicators of bad news."

"Why?" I asked him. He answered in the style resonant of his entire book: "In order to build anything great, you have to be an optimist, because by definition you are trying to do something that most people would consider impossible. Optimists most certainly do not listen to leading indicators of bad news."

But this insight won't be in any book. When I suggested he write something on the topic, his response was: "Why would I do that? It would be a waste of time to write about how to not follow human nature. It would be like trying to stop the Peter Principle*. CEOs must be optimists and all in all that's a good thing." This is classic Andy Grove. He is amazingly perceptive and can see every flaw in every person, yet despite that he believes in human potential more than anyone. Maybe that's why he has spent so much time teaching us to be better.

It has been an honor for me to learn from Andy Grove through the years and I am excited for everyone who is new to *High Output Management* to join me in this experience. I know that you will enjoy this marvelous book written by the best teacher that I have ever known.

–Ben Horowitz, 2015

* The Peter Principle is a concept in management theory in which the selection of a candidate for a position is based on the candidate's performance in their current role, rather than on abilities related to the intended role. Thus, "managers rise to the level of their incompetence."

[19]

Bill

Originally appeared on Medium April 18, 2016

> Winter, spring, summer or fall
> All you've got to do is call
> And I'll be there, ye, ye, ye
> You've got a friend
> —James Taylor

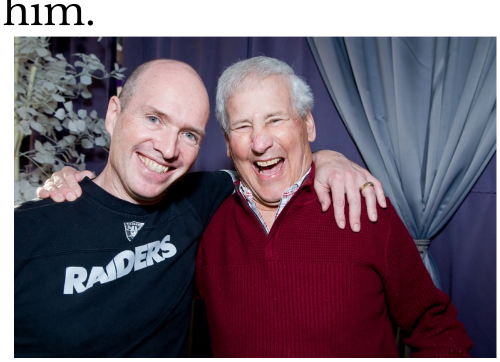
Last night my friend Bill Campbell passed away. He meant everything to me and I am having trouble even beginning to say something.

Today people will recount his many massive accomplishments as well as his unparalleled influence on the development of the greatest leaders in the technology industry such as Jeff Bezos, Larry Page, and Steve Jobs. They will speak about the unlimited energy he applied in helping others—from the poor kids in hometown of Homestead, Pennsylvania to the students at Columbia University. And all of it will be so well deserved. But I don't feel like talking about any of that.

Selfishly, all I can think about is how much he helped me and what a true friend I had in Bill. Whenever I struggled with life, Bill was the person that I called. I didn't call him,

because he would have the answer to some impossible question. I called him, because he would understand what I was feeling 100%. He would understand me. I have never known anyone else who could do that like Bill. Be the person who would understand me all the time. I must have called him a 100 different times, because I knew he would feel what I was feeling.

One time when I was running Loudcloud, we needed to either raise money or go bankrupt. The private capital markets had completely shut down and the only way out was to go public. Unfortunately, we did not have a board of directors that met the requirements of being a public company and it was difficult to recruit anyone to the board at that time due to our dire circumstances. I certainly couldn't recruit anybody that I knew, respected, and trusted. The last thing that I need was a board member that I'd just met. I had already ruled Bill out, because he had told me when we first started working together that he wasn't going to go on any boards. I knew that he meant it, because he didn't even go on Google's board. Board work was just not something that he wanted to do at that point in his life. Nonetheless, I knew that he would understand the situation and I needed someone to understand. So, I explained everything to Bill about the situation that we were in and how I was feeling about it. He said: "I don't go on any boards, but I can hear that you need me. I'll go on your board." And he did and we wouldn't have made it as a company without him.



Bill and Me

Another time, my oldest child Jules concluded he was transgender and was going to change his gender by taking testosterone and having surgery. It's impossible to fully describe how one feels as a parent in a situation like that, but mostly all I felt was worry—worry that he wouldn't be accepted, worry that his health would fail, worry that the surgery would not go well, worry that he would be killed by some intolerant group. I was so filled with worry that I could barely function. When I told people about it, they would have various reactions, but the one thing that was clear was that nobody really understood the depth of the issues or the worry that I had. So, I decided to tell Bill. When I told him, I could see the tears well up in his eyes and he said: "that's going to be really hard." Then he immediately wanted to see Jules. And Bill made sure that he embraced Jules and let him know that he was not alone and would always have a friend in Bill. Bill understood.

Jules and Bill Campbell

The worst thing about today is that I can't call Bill. I miss him so much.

[20]

Where Do Leaders Come From?

Foreword to "The Internet Is My Religion" by Jim Gilliam

When I read the first draft of The Internet Is My Religion, the new book by NationBuilder founder and CEO Jim Gilliam, I was blown away by its honesty and what it revealed. I had known Jim for quite some time—but I did not really know him. The book (July 22) tells Jim's story through his eyes, beginning with his upbringing as a Christian Fundamentalist. It takes us through his harrowing battle with cancer and the comprehensive collapse of his belief system. Jim shares the most intimate moments of his personal struggle, which lead to his emergence as an important leader of a new movement.

Through this journey, we learn new secrets about ourselves. For me, I found the answer to an old and important question: Are great leaders born or made? Because I invest in and advise CEOs, it's a question which I care deeply about. Do great leaders come out of the womb with the charisma, grit, and courage to move men and women to do great things? Or are they forged from intense experience and great training? There are many seemingly "natural" leaders, but almost none of those would say that

they were born that way. But if leaders are made, then why is true leadership nearly impossible to teach?

I never really became comfortable with my answer to this question until I fully understood Jim's story. I first met Jim when he came to pitch my venture capital firm, Andreessen Horowitz, to invest in his company. NationBuilder, Jim explained, sold software meant to help leaders communicate with and organize their followers. It was a breakthrough concept, made possible by a series of technological breakthroughs including the Internet and social networking.

Essentially the software helps a leader build a database of his or her followers, then grow and encourage that base through a variety of techniques. It connects with all of the modern social networks as well as email to enable the leader to communicate with his or her followers where they are. It then provides tools for building sub-leaders, incentivizing followers and generally helping a leader accomplish his or her goals.

As interesting as NationBuilder was, it still had what we affectionately refer to in technology as "a bootstrapping problem." Bootstrapping, a term derived from a 19th century phrase, refers to starting a self-sustaining process. For example, how do you start a computer before loading the operating system into memory? You need a process before the process. Leadership software was great, but where would the leaders come from?

To understand the solution to NationBuilder's bootstrapping problem, I first had to understand Jim.

Exceptionally tall, impossibly thin and white as ghost, Jim does not look like a storybook leader. His shy personality and awkward manner reinforce this perception. On top of that, Jim has not worked for great leaders in his career and lacks formal management training.

But Jim is a real leader. He has a clear, compelling vision. He inspires people to greatness. He leads with a focus so

intense that if you get in his way, he'll burn a hole in you with his eyes. He has accomplished amazing things in life, from turning obscure documentary films into blockbusters to rallying a community that he created to help get a new pair of lungs after chemotherapy burned out his original pair. Now, with no background and no connections, he has built this very promising new company—one, I should note, in which my firm invests and on whose board of directors I sit.

If Jim the leader was neither born nor made, where did this come from? How did this gangly, awkward man learn to lead? What was the source?

After reading The Internet Is My Religion, I learned the answer this question and to my larger question as well. Leaders are neither born nor made; they are found. This book is about Jim's journey to find his inner leader. It's a journey that all leaders must go through, but one that almost nobody ever talks about. It's about learning to think for yourself and sharing what you know in the best and most impactful way possible. I hope that as you read this book, you will find your inner leader and lead the world to great things.

July 17, 2015

[PART IV]

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Don't Follow Your Passion

Transcript of commencement speech delivered at Columbia University to the Fu School of Engineering and Applied Science class of 2015

So first of all, thank you, Class of 2015, for inviting me to speak. It's such a great honor and when I got the invitation I started thinking back to when I was in Columbia and I remember getting to Columbia and I was immediately stressed out, because I realized that I now had to figure out, at some point, what I was going to do with my life. That was super scary. Some of you might be going through that now a little bit, (but not to bring that up or anything.)

I remember when I got the first clue of what I might do, I was taking a class over in the Mudd Building, which somebody was telling me today is a great building if you like prisons and Catholic school. I was in this class and they were talking about this guy, Alan Turing and they were talking about how he had proven that if you built a machine, that he called a Turing Machine, it was theoretically impossible to build a machine that was computationally more powerful. It just melted my mind when I heard it, because I couldn't even imagine what he was talking about, because it was 1984

and you have to remember 1984 computers weren't even really a thing.

So the idea of a machine that could do anything was just so farfetched, because all of our machines were just special-purpose machines, like for doing math. Your parents will remember it's called a calculator. And then we had one machine for word processing called a typewriter and we even had one for video called a television set. And so the idea of, okay, now you're gonna have the machine that can do absolutely anything and this guy had figured that out 40 years previously — I didn't even know it was possible. I had no idea, it was like this secret to the universe in which they were saying, "Oh, here, there is a machine that's limitless and you can do anything on it." And I was just thought: "No way." Translate, español, no way Jose. For the parents, that's a Kanye West reference.

That point in my life was like, for those of you who are Phineas and Ferb fans, it was like that time when Phineas goes, "I know what I'm gonna do today. " I'm gonna major in computer science. And so I ran over to (Carmen) and I was just so excited to tell my friends. I was, like, man, they're gonna be just like so fired up for me, I figured it out. I'm not gonna be stressed anymore: "Guys, I'm gonna major in computer science." And one of my friends said, "Wow, that's the stupidest thing I've ever heard." And said: "Why?" He said, "Look, you're at Columbia University. That's like a trade. You could learn that at DeVry. They'll teach you how to build computers, fix them, program them. Here you should major in something real." And I was just thinking to myself: "I'm talking about a limitless machine. You're talking about a washing machine." I was completely frustrated, I couldn't really explain to him why, but it was at that point, at my height of frustration that I learned the most valuable lesson that I learned at Columbia, which is: Don't listen to your friends. Think for yourself.

Thinking for yourself sounds both simple and trivial, but

in reality it's extremely difficult and it's profound and here is why. As human beings, we want to be liked. It's anthropological. If people didn't like you in caveman days, they would just eat you. So you really have a natural built in instinct to want to be liked and the easiest way to be liked is to tell people what they want to hear.

And you know what everybody wants to hear? What they already believe to be true. And so the last thing they want to hear is an original idea that contradicts their belief system. So it's very hard to even bring that kind of stuff up. But those are the things; those are the only things — things that YOU believe, that everybody around you doesn't believe — that when you're right that create real value in the world. Everything else people already know. There is no value created. It's just business as usual. So it's so important to think for yourself.

I see this in my business every day. My business is that I fund people who have companies. Some of you probably have company ideas and you might come to me and say, "I've got an idea." The biggest thing that I'll look for when you come to with an idea is, have you thought for yourself? Is it something that you know that nobody else knows? Or is it something that everybody knows?

Let me give you an example. Let's say you come to me and say, "Hey, I've got an idea to make batteries and cell phones last longer." I would react, "Well, that's a pretty good idea, but I'm not gonna fund it, because everybody thinks that's a good idea." And because everybody think that's a good idea, companies like Google and Apple and Samsung with tons of resources will just build that. So it's not really a new value creation for a new person.

Contrast that with an idea that came to me about five years ago. A young man by the name of Brian Chesky came up to me and had this idea that he was going to have an air mattress in his apartment that he rented to people. It would be an air bed and breakfast and I immediately thought:

wow, that's a horrible, horrible idea. Who would want to rent an air mattress out to somebody's apartment like probably a serial killer?

But Brian had a secret and his secret: and that was he had run the experiment. He had actually tried his idea and a whole lot of people wanted to rent that air mattress and they weren't serial killers. Beyond that, he went and he studied the history of hotel chains and he found out hotel chains were a relatively new concept. That before hotel chains, people stayed at inns and bed and breakfasts. And that the problem with inns and bed and breakfast were, they were like a box of chocolates. You had no idea what you were going to get — one day you might have something good and the other day you might have marzipan cherry or some weird stuff.

So, he though, with the internet, we can make every one of those little chocolates in the box transparent and you can know what you're getting. And then you'd get all the greatness of the bed and breakfast and all the goodness of the hotel chain all in one. And he had figured out that secret and it was an interesting secret, because it wasn't something everybody knew. Or it was something that probably everybody in the world knew at one point, but they had all forgotten. Everybody had forgot why we had hotels. And today? I think they rent more nights every night in New York than Hilton Hotel. Just five years ago and it was all based on him believing something that nobody else believed.

So in that spirit, what I'd like to give is a few unconventional graduation thoughts and I'm titling them, "Do Not Follow Your Passion and the World is Not Going to Hell in a Handbasket and the Class of 2015 is Not Required to Save it." I told you it wasn't going to be conventional. Don't follow your passion.

Now, you're probably thinking, "That's a really dumb idea." Because if you poll 1,000 people who are successful

they'll all say that they love what they do. And so the broad conclusion of the world is that if you do what you love, then you'll be successful. But we're engineers and we know that that might be true. But it also might be the case that if you're successful, you love what you do. You just love being successful and everybody loves you. It's awesome.

So which one is it?

Well, I think to figure it out, you have to go back in time. You have to back off when you were successful to right now when you're graduating as the Class of 2015. And the first tricky thing about passions are they're hard to prioritize. Which passion is it? Are you more passionate about math or engineering? Are you more passionate about history or literature? Are you more passionate about video games or K-pop? These are tough decisions. How do you even know? On the other hand, what are you good at? Are you better at math or writing? That's a much easier thing to figure out.

The second thing that's tricky if you're going forward in time with this follow your passion idea is that what you're passionate about at 21 is not necessarily what you're gonna be passionate about at 40. Now, this is true for boyfriends as well as career choices.

The third issue with following your passion is you're not necessarily good at your passion. Has anybody ever watched American Idol? You know what I'm talking about. Just because you love singing doesn't mean you should be a professional singer.

Finally and most importantly, following your passion is a very "me"-centered view of the world. When you go through life, what you'll find is what you take out of the world over time — be it money, cars, stuff, accolades — is much less important than what you've put into the world. So my recommendation would be follow your contribution. Find the thing that you're great at, put that into the world, contribute to others, help the world be better and that is the thing to follow.

Now, speaking of the world, this is generally the point in a graduation speech where I should say, “The Class of 2015 faces unprecedented challenges. There is ISIS. There is global warming. It sucks.” Don’t get me started on congressional gridlock. And I think all those are true, but what’s remarkable from a historical standpoint about this time in the world, to me, are not the unprecedented challenges; it’s the unprecedented opportunities.

Let me talk quickly about the state of the world.

The number of people living in extreme poverty today is the lowest in the history of the world and one-fifth of what it was in 1900. Child labor is in steep decline and fell one-third between 2000 and 2012. Compared to the late 19th Century, the number of hours that one has to work has fallen roughly in half. The percent of income spent on food has fallen in half since 1960. Life expectancy has increased six years between 1990 and 2012. Child mortality has fallen in half since 1990. People are getting taller, which is a measure of nutrition. People have grown more in the last 100 years than in the previous 2,000. Speaking of ISIS, worldwide battlefield deaths are down twentyfold since the 40s. The homicide rate in the U.S. is down half since the late 70s, violent crime is one-third of what it was in 1976. The global supply of nuclear weapons is down nearly fivefold since 1990 and in 2014 was the first year in 40 that carbon emissions were flat.

So it’s not that bad.

But the biggest opportunity is one that we’ve only begun to measure and to explain this, I’d like to go back to when your parents and I were in college, because when we were in college, and they may have told you this, and it may have scared you, we didn’t have the internet. There was no internet. And so if we had an idea Brian Chesky had an idea, and we wanted to find out about it, we couldn’t Google it.

But we did have a search engine. It was a different kind of technology. It was called a library and it kind of sucked.

There is actually an old search engine behind me; I'm looking at it there. But it kind of sucked because, one, you couldn't access it from your dorm room, because it wasn't even in cyberspace. It was in, well, actual space. And you had to walk over there and then, and you had to bring your credentials or they wouldn't even let you in. There was no logged out user experience.

And it was based on this really weird tech that was invented a long time ago called the Dewey Decimal System. And this tech was so old, Dewey was named after the guy Dewey who invented it. But to make it seem high tech, they said it's a decimal system: "This is so high tech, we're using numbers, dude." And not just integers, the decimal system! The user interface to it was so bad, it was called a card catalog, they had to train you to use it. You couldn't just go in and use it. You needed hours and hours of classroom training.

The net result of this was that looking stuff up was very discouraging, because you couldn't look it up in milliseconds, it took hours, and that's if you were a Columbia student, right? Even if you had a good library like Butler, it would take you hours to look things up, so it was very discouraging.

Maybe if Brian Chesky was born then he would just have said, "Forget this, I'm going to Taco Bell. I'm not figuring out where hotels came from." But think about it, that's for a Columbia student. Even worse for like a student who didn't go to Columbia and didn't have access to as good a library and, you might not even have that book in the library.

Or even more so, imagine if you grew up in Bangladesh or Sudan and you had all kinds of great ideas, you had no access, no search engine at all, no way to contribute your original ideas to the world.

But then we fast forward to where we are now and everybody who has a smart phone, which is pretty soon going to be everybody in the world has the Library of

Congress in their pocket. That means a girl growing up in Bangladesh now has a better library than a student at Columbia or Harvard had 20 years ago.

What might her idea be? What might she contribute?

Well, I think that's going be a lot up to you, because the world still isn't flat. There are issues. There are issues with power and issues with water and issues with food and issues with equal rights. But if you contribute, if you put your contribution into the world, if you think for yourself, then I believe that you will be the greatest generation. Because when we look back 50 years from now, 100 years from now, 500 years from now, you will be the generation that unlocked human potential.

So congratulations Columbia Class of 2015 and thank you for inviting me.

[22]

The Legend of the Blind MC

You can see the below post — with original links and annotations powered by Genius — here

People say I'm crippled, but that's a lie
they're just mad 'cause I'm so fly
being handicapped is a state of mind
I'm not disabled I'm just blind
—The Blind MC

People often ask me why I feature Hip Hop so much in my blog posts. In the past, I have given short and incomplete answers, but here is the full story. It probably belongs in The Hard Thing About Hard Things, but I did not know how to tell it without Rap Genius.

In 1986, I was 20 years old and attending Columbia University in the City of New York. I received a phone call from my mother on the shared dorm room phone:

Elissa Horowitz: "Ben, I don't know how to tell you this, so I am just going to say it. Seth has been shot."

Me: "What? How? Is he alive? How could that happen?"

Elissa: "He's been shot in the face. He's alive, but the doctors say he will never see again."

I dropped the phone. Seth Clark and his family—Joel,

Adam, Dana, Joel, and Penny—were my family too. We lived two houses away from each other. We ate dinner with each other almost every night. We saw each other every day. I went on their family vacations. He was my brother and he was 13 and he was blind for life.

I tried to imagine what he was feeling and I couldn't. Seth was smart and athletic. He stood over 6 feet tall at 13 and every high school football coach in the area wanted him on their team, but there would be no football. The more that I thought about it, it seemed like there would be no anything. What could a blind person do? Who would his friends be? Where would all his dreams go?

When I would call home, things sounded worse and worse. "He has pellets from the shotgun blast in his brain. He is having seizures. He is totally depressed. He hasn't spoken a word to anyone in 3 months." I felt completely helpless. We were losing Seth. I felt like a part of me was slowly dying.

Meanwhile, I was in New York City in 1986 and there was an explosion of a new kind of music called Hip Hop. It was unlike any other kind of music because the rappers were celebrating having nothing while aspiring to have everything. The songs were about growing up in the housing projects, surviving in the streets, and how great it was and how great they would become. At the time, Rock n' Roll was about rejecting the world, but Hip Hop was about embracing it with all of its flaws. In an era of super groups and over production, rap groupsdidn't even need instruments. It was mind blowing and I was captivated.

For people in New York, the music came primarily from two radio stations: WBLS and 98.7 KISS. The important DJs were Cool DJ Red Alert and Chuck Chillout who not only played the songs, but also significantly enhanced them through amazing scratching and sampling. As I listened to Red Alert one evening, I thought, "This is so inspiring that nobody could listen and be depressed." I immediately

grabbed a cassette tape and inserted it into my boom box. I recorded that show and every Red Alert show from that point forward. I would then mail the cassette tapes to Seth every week.

After a few months of mailing the tapes, I called home and got a different response. “All Seth wants to do is listen to Cool DJ Red Alert. Can you send more tapes?” Then the next call: “Ben, Seth isn’t talking, but he wants to talk to you about Chuck Chillout and how he remixed something from this guy LL Cool J called, ‘Rock the Bells’.” Seth was coming back. Hip Hop was bringing him back.

Don’t need no help dictionary or thesaurus
my dog Dino, he’s a brontosaurus
—The Blind MC

As summer approached, I became overwhelmed with the thought that I had to continue what I started. There would be no summer internships with computer companies or summer classes. This would be the summer of Hip Hop and Seth. Maybe we could do more than listen to the music.

Maybe we could get into the game. As soon as I returned home, I started writing rhymes.

The first song that I wrote was based on an obsession with the Flintstones and was naturally called "Bedrock". I showed it to my friend David Stern who said that his friend Keith McArthur was a musician and could help put some beats together. I then called Seth and told him that we were forming a rap group and needed him. He was excited.

> The Blind Def Crew you know we're fly
> 3 of us, but we got 4 eyes
> —The Blind Def Crew

Keith was amazing and figured out how to make my rhymes into songs. We all came up with proper rap names. Seth was The Blind MC, I was Tic Toc and Keith was The Phantom. Heavily influenced by Russell Simmons' Def Jam records, we decided to call the group Blind and Def.

We were hanging out, listening to Red Alert and writing songs. It was heaven. One thing that I noticed at the time

was that everyone other than Keith and me were extremely sensitive about the shooting and the resulting blindness. It was almost as though they were tiptoeing around Seth as so not to offend him. Meanwhile, Keith and I were relentlessly cracking jokes about how he couldn't see and how funny that was. Within the context of the blindness, it was like there were two possible views of life: Either life was horrible and tragic or life was extremely brutal, but you had to embrace it—you had to be in the game. We chose the Hip Hop way; we chose the latter.

Perhaps because of that, we thought a great way to open the mixtape was with an amazingly racist sample from the Disney movie, *Dumbo*, from the black crows scene followed by The Phantom and me screaming at The Blind MC: "That's the wrong record blind man, can't you hear?"

Eventually, we recorded 4 songs on Keith's 4-track recorder and were extremely pleased with the result. We were so excited that we decided to take a road trip to LA to try to record on my brother Jonathan's 8-track recorder for

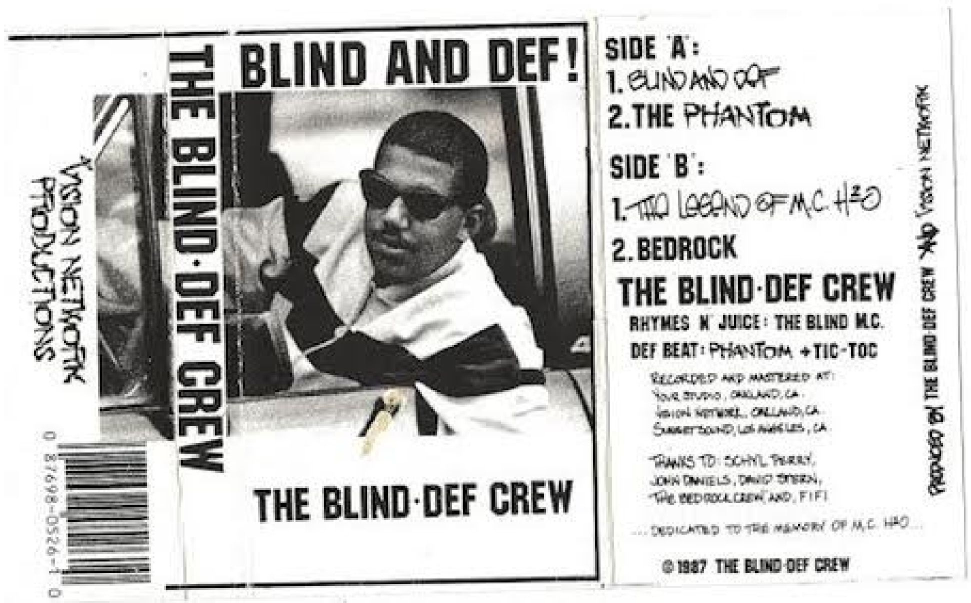
higher quality and maybe get signed to a big time record contract.

The road trip didn't go quite as planned, including the car overheating on the Grapevine and us getting stranded on the side of the highway, but we did record on 8 tracks. More importantly, through Hip Hop, Seth found his new self. Today he is a PhD student of history at UC Davis and has a beautiful family with his wife Chris.

I have posted the original mixtape to Rap Genius and annotated it here. It's not a lost classic and it probably makes sense that we didn't get signed, but if you listen close enough, you can hear the resurrection of The Blind MC.

That's why I love hip-hop. So when people complain about the rap lyrics in my blog being hokey or gimmicky, I just defer to Nas:

This our thing, you know what I'm saying
This came from the gut, from the blood
From the soul, right here, man
This is our thing, man
You know? So I say what I say



THE MIXTAPE

- Bedrock
- Blind and Def
- The Phantom
- The Legend of MC H20

March 2, 2014

[23]

Why I Will Give 100% of My Book Earnings to Women in the Struggle

> There is a woman in Somalia
> Scraping for pearls on the roadside
> There's a force stronger than nature
> Keeps her will alive
> This is how she's dying
> She's dying to survive
> Don't know what she's made of
> I would like to be that brave.
> —Sade, "Pearls"

> Never believe that a few caring people can't change the world. For, indeed, that's all who ever have.
> —Margaret Mead

I will donate all of my proceeds from *The Hard Thing About Hard Things* to American Jewish World Service to support their efforts to help women fight for their basic rights throughout the world. Since there are many important causes, I thought that it would be worth explaining why I am supporting this one.

When I was 11 years old, I was exposed to chronic cruelty on a global scale. I watched the miniseries “Roots” based on Alex Haley’s bestselling novel about slavery in the United States. I was riveted and horrified. It was my first real introduction to slavery and I could not believe what I was seeing. I saw families broken apart as they were sold to different owners. I saw slaves pleading for their lives only to be brutalized and killed. How could anybody be so cruel? How could everybody sit by and watch it happen? How was this even possible? I could not have been more shocked.

I was deeply disturbed by the whole experience and sought to find out how it happened. I studied humankind’s long history with slavery. I learned that in the 1600s, 75% of the world’s population was enslaved. I learned that the Caribbean form of the African slave trade was far more brutal than the U.S. version. I studied the complex economics of slavery and why it was difficult to unwind once started. I began to wonder how slavery ever ended.

Then I began to study the abolitionists. Men like former slave ship captain John Newton who later wrote the song “Amazing Grace”. People like the great Thomas Clarkson who at times seemed to be alone in taking on the world. I learned how a few unimaginably brave people took on the entire globe and its brutal institution. They did not care about the twisted history or corrupt cultures that created slavery. They just wanted it stopped. Clarkson took great personal risk in traveling by boat back and forth across the Atlantic to record and tell the story of slavery for no reason other than he wanted it ended. He dedicated his life to stopping the cruelty. His story is among the most inspirational in human history.

It had to be, because the most incredible thing about slavery was how it ended. An institution that was embedded into human culture, endorsed by the Bible, promoted by the Qur’an, pervasive in society, and embedded in the global economy was taken on and defeated by a movement started

by a tiny number of people. These brave souls had no Twitter or Facebook. They had no Internet or telephones or automobiles, but they organized people across the world and largely stopped slavery globally.

After understanding how slavery ended, I promised myself that if something like that ever happened in my time, I would be part of the group who tried to stop it.

Sadly, something like slavery is happening in my time. It's not happening in the United States, but it is happening and the victims are women. In many parts of the world, women are literally owned by men. Women do not enjoy basic rights, are denied access to education, can be arbitrarily raped, robbed, and killed, and live in fear with no chance for self-determination. A few revealing statistics:

Every year 10 million girls under the age 18 enter into early and forced marriages

2 million girls a year undergo genital cutting

Two-thirds of the world's illiterate adults are women

Women constitute about 70% of the world's absolute poor (i.e., those living on less than a dollar a day)

Meanwhile, the rhetoric deployed in resistance to women's rights is eerily reminiscent of resistance to freeing slaves. Consider this statement from the Muslim Brotherhood in resistance to a U.N. declaration calling for an end to violence against women:

This declaration, if ratified, would lead to complete disintegration of society, and would certainly be the final step in the intellectual and cultural invasion of Muslim countries, eliminating the moral specificity that helps preserve cohesion of Islamic societies.[1]

And compare it to this poem written in defense of slavery in England in 1789:

If our slave trade had gone, there's an end to our lives
Beggars all we must be, our children and wives
No ships from our ports, their proud sails e'er would spread,

And our streets grown with grass where the cows might be fed.[2]

Like Thomas Clarkson and the abolitionists, Ruth Messinger and AJWS are starting at the grass roots level, but are already making great progress.

Consider Rehana Adib. At age 12, she was raped by a group of older relatives. She bravely told her father, but he responded by arranging for her to marry a middle-aged man—a match designed to protect her security and reputation. Like many other girls her age, she was forced to drop out of school and was expected to be a subservient wife and mother. She was not free to make choices about her daily life and her own future.

But Rehana refused to be silent. She found a women's organization in her neighborhood and began to learn about her rights. She took workshops in leadership and activism and gained the courage to speak out about her experiences. By the time Rehana was 18, she was an active member of the local women's movement and was already helping other girls overcome the challenges they faced. Although her family and community criticized her work at first, she slowly gained their respect and is now looked to as a leader in her community.

In 2005, Rehana founded her own organization, Astitva, in Muzzafarnagar—a rural area in Uttar Pradesh, India. With AJWS's support, Astitva works today to stop both sexual violence and child marriage, helping give girls a chance at a brighter future.

The systematic cultural abuse of women worldwide must end. Let's end it.

- [1] http://www.theguardian.com/world/2013/mar/15/muslim-brotherhood-backlash-un-womens-rights
- [2] Bury the Chains, page 185

February 25, 2014

Where to Buy Ben's Book

The Hard Thing About Hard Things is available here:

https://www.harpercollins.com/books/9780062273208